

BUSINESS AND PROFESSIONS CODE

DIVISION 8 "SPECIAL BUSINESS REGULATIONS"

CHAPTER 5 "THE GAMBLING CONTROL ACT"

Sections changed or added effective 1-1-08 are shown in the table of contents highlighted in yellow and marked with an asterisk. In addition, the text of these changed or added sections is highlighted in yellow and displayed in strikeout/underline format. Most of the changes merely reflect a change of the name of the Department of Justice gambling unit.

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Article 1. General Provisions

19800. Short title

This chapter shall be known, and may be cited, as the “Gambling Control Act.”

19801. Legislative Findings and Declarations

The Legislature hereby finds and declares all of the following:

- (a) ~~The longstanding public policy of this state disfavors the business of gambling.~~ State law prohibits commercially operated lotteries, banked or percentage games, and gambling machines, and strictly regulates pari-mutuel wagering on horse racing. To the extent that state law categorically prohibits certain forms of gambling and prohibits gambling devices, nothing herein shall be construed, in any manner, to reflect a legislative intent to relax those prohibitions.
- (b) ~~Gambling can become addictive and is not an activity to be promoted or legitimized as entertainment for children and families.~~
- (c) ~~Unregulated gambling enterprises are inimical to the public health, safety, welfare, and good order. Accordingly, no person in this state has a right to operate a gambling enterprise except as may be expressly permitted by the laws of this state and by the ordinances of local governmental bodies.~~
- (b) The State of California has permitted the operation of gambling establishments for more than ~~one hundred~~ 100 years. Gambling establishments were first regulated by the State of

California pursuant to legislation which was enacted in 1984. Gambling establishments currently employ more than ~~twenty thousand~~ 20,000 people in the State of California, and contribute more than one hundred million dollars (\$100,000,000) in taxes and fees to California's government. Gambling establishments are lawful enterprises in the State of California, and are entitled to full protection of the laws of this state. ~~The industry is currently in significant decline, with more than half the gambling establishments in this state closing within the past four years.~~

- (c) Gambling can become addictive and is not an activity to be promoted or legitimized as entertainment for children and families.
- (d) Unregulated gambling enterprises are inimical to the public health, safety, welfare, and good order. Accordingly, no person in this state has a right to operate a gambling enterprise except as may be expressly permitted by the laws of this state and by the ordinances of local governmental bodies.
- (e) ~~(d)~~ It is the policy of this state that gambling activities that are not expressly prohibited or regulated by state law may be prohibited or regulated by local government. Moreover, it is the policy of this state that no new gambling establishment may be opened in a city, county, or city and county in which a gambling establishment was not operating on and before January 1, 1984, except upon the affirmative vote of the electors of that city, county, or city and county.
- (f) ~~(e)~~ It is not the purpose of this chapter to expand opportunities for gambling, or to create any right to operate a gambling enterprise in this state or to have a financial interest in any gambling enterprise. Rather, it is the purpose of this chapter to regulate businesses that offer otherwise lawful forms of gambling games.
- (g) ~~(f)~~ Public trust that permissible gambling will not endanger public health, safety, or welfare requires that comprehensive measures be enacted to ensure that gambling is free from criminal and corruptive elements, that it is conducted honestly and competitively, and that it is conducted in suitable locations.
- (h) ~~(g)~~ Public trust and confidence can only be maintained by strict and comprehensive regulation of all persons, locations, practices, associations, and activities related to the operation of lawful gambling establishments and the manufacture and distribution of permissible gambling equipment.
- (i) ~~(h)~~ All gambling operations, all persons having a significant involvement in gambling operations, all establishments where gambling is conducted, and all manufacturers, sellers, and distributors of gambling equipment must be licensed and regulated to protect the public health, safety, and general welfare of the residents of this state as an exercise of the police powers of the state.
- (j) ~~(i)~~ To ensure that gambling is conducted honestly, competitively, and free of criminal and corruptive elements, all licensed gambling establishments in this state must remain open to the general public and the access of the general public to licensed gambling activities must not be

restricted in any manner, except as provided by the Legislature. However, subject to state and federal prohibitions against discrimination, nothing herein shall be construed to preclude exclusion of unsuitable persons from licensed gambling establishments in the exercise of reasonable business judgment.

- (k) ~~(j)~~ In order to effectuate state policy as declared herein, it is necessary that gambling establishments, activities, and equipment be licensed, that persons participating in those activities be licensed or registered, that certain transactions, events, and processes involving gambling establishments and owners of gambling establishments be subject to prior approval or permission, that unsuitable persons not be permitted to associate with gambling activities or gambling establishments, and that gambling activities take place only in suitable locations. Any license or permit issued, or other approval granted pursuant to this chapter, is declared to be a revocable privilege, and no holder acquires any vested right therein or thereunder.
- (l) ~~(k)~~ The location of lawful gambling premises, the hours of operation of those premises, the number of tables permitted in those premises, and wagering limits in permissible games conducted in those premises are proper subjects for regulation by local governmental bodies. However, consideration of those same subjects by a state regulatory agency, as specified in this chapter, is warranted when local governmental regulation respecting those subjects is inadequate or the regulation fails to safeguard the legitimate interests of residents in other governmental jurisdictions.
- (m) ~~(l)~~ The exclusion or ejection of certain persons from gambling establishments is necessary to effectuate the policies of this chapter and to maintain effectively the strict regulation of licensed gambling.
- (n) ~~(m)~~ Records and reports of cash and credit transactions involving gambling establishments may have a high degree of usefulness in criminal and regulatory investigations and, therefore, licensed gambling operators may be required to keep records and make reports concerning significant cash and credit transactions.

(Amended by SB 730(Florez), Chapter 438, Statutes of 2007)

19802. Further Legislative Findings and Declarations

The Legislature further finds and declares as follows:

Appropriate regulation of banking and percentage games or of gambling devices consistent with public safety and welfare would require, at a minimum, all of the following safeguards:

- (a) The creation of an adequately funded gambling control commission with comprehensive powers to establish minimum standards and technical specifications for gambling equipment and devices.
- (b) The creation of an adequately funded law enforcement capability within state government to inspect, test, and evaluate gambling equipment and devices and modifications thereto.
- (c) An appropriation by the Legislature to sufficiently fund a full-time commission and law

enforcement capability with responsibilities commensurate with the expanded scope of gambling.

- (d) The enactment of necessary regulations setting forth standards and procedures for the licensing of persons connected with the manufacture, sale, and distribution of equipment and devices in this state.
- (e) The enactment of standards related to the trustworthiness and fairness of equipment and devices, upon the commission's recommendation to the Legislature.
- (f) The enactment of statutory provisions governing the importation, transportation, sale, and disposal of equipment and devices, upon the commission's recommendation to the Legislature.
- (g) The enactment of statutes providing for appropriate inspection and testing of equipment and devices, upon the commission's recommendation to the Legislature.

19803. Legislative Intent; City and County Authority; Responsibility of Local Law Enforcement Agencies

- (a) It is the intent of the Legislature, in enacting this chapter, to provide uniform, minimum standards of regulation of permissible gambling activities and the operation of lawful gambling establishments.
- (b) Nothing in this chapter shall be construed to preclude any city, county, or city and county from prohibiting any gambling activity, from imposing more stringent local controls or conditions upon gambling than are imposed by this chapter or by the commission, from inspecting gambling premises to enforce applicable state and local laws, or from imposing any local tax or license fee, if the prohibition, control, condition, inspection, tax, or fee is not inconsistent with this chapter. Nothing in this chapter shall be construed to affect the responsibility of local law enforcement agencies to enforce the laws of this state, including this chapter.

19804. Action for Declaratory or Injunctive Relief or Relief by Extraordinary Writ; Required Evidence; Administrative Remedies; Copy of Pleading

- (a) In any action for declaratory or injunctive relief, or for relief by way of any extraordinary writ, other than an action initiated pursuant to Section 19932, wherein the construction, application, or enforcement of this chapter, or any regulation adopted pursuant thereto, or any order of the ~~division~~ department or the commission issued pursuant thereto, is called into question, a court shall not grant any preliminary or permanent injunction, or any peremptory writ of mandate, certiorari, or prohibition, in connection therewith, except as follows:
 - (1) Upon proof by clear and convincing evidence that the ~~division~~ department or the commission is abusing or threatens to abuse its discretion.
 - (2) Upon proof by clear and convincing evidence that the ~~division~~ department or the commission is exceeding or threatens to exceed its jurisdiction.

- (b) No temporary injunction or other provisional order shall issue to restrain, stay, or otherwise interfere with any action by the ~~division~~ department or the commission, except upon a finding by the court, based on clear and convincing evidence, that the public interest will not be prejudiced thereby, and no order may be effective for more than 15 calendar days.
- (c) This section does not relieve a petitioner's obligation to exhaust administrative remedies.
- (d) In an action for relief of any nature wherein the construction, application, or enforcement of this chapter, or any regulation adopted pursuant thereto, or any order of the ~~division~~ department or commission issued pursuant thereto, is called into question, the party filing the pleading shall furnish a copy thereof to the ~~division~~ department and to the commission. The copy shall be furnished by the party filing the pleading within 10 business days after filing.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

***19805. Definitions**

As used in this chapter, the following definitions shall apply:

- (a) "Affiliate" means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, a specified person.
- (b) "Applicant" means any person who has applied for, or is about to apply for, a state gambling license, a key employee license, a registration, a finding of suitability, a work permit, a manufacturer's or distributor's license, or an approval of any act or transaction for which the approval or authorization of the commission or ~~division~~ department is required or permitted under this chapter.
- (c) "Banking game" or "banked game" does not include a controlled game if the published rules of the game feature a player-dealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game, ensure that the player-dealer is able to win or lose only a fixed and limited wager during the play of the game, and preclude the house, another entity, a player, or an observer from maintaining or operating as a bank during the course of the game. For purposes of this section it is not the intent of the Legislature to mandate acceptance of the deal by every player if the ~~division~~ department finds that the rules of the game render the maintenance of or operation of a bank impossible by other means. The house shall not occupy the player-dealer position.

(d) "Chief" means the head of the entity within the ~~division~~ department that is responsible for fulfilling the obligations imposed upon the ~~division~~ department by this chapter.

(e)-(d) "Commission" means the California Gambling Control Commission.

(f)-(e) "Controlled gambling" means to deal, operate, carry on, conduct, maintain, or expose for play any controlled game.

(g)-(f) "Controlled game" means any controlled game, as defined by subdivision (e) of Section

337j of the Penal Code.

~~(h) (g)~~ "Division" means the Division of Gambling Control in the Department of Justice. Department" means the Department of Justice.

~~(i) (h)~~ "Director" ~~when used in connection with a corporation~~ means any director of a corporation or any person performing similar functions with respect to any organization. ~~In any other case, "director" means the Director of the Division of Gambling Control.~~

~~(j) (i)~~ "Finding of suitability" means a finding that a person meets the qualification criteria described in subdivisions (a) and (b) of Section 19857, and that the person would not be disqualified from holding a state gambling license on any of the grounds specified in Section 19859.

~~(k) (j)~~ "Game" and "gambling game" means any controlled game.

~~(l) (k)~~ "Gambling" means to deal, operate, carry on, conduct, maintain, or expose for play any controlled game

~~(m) (l)~~ "Gambling enterprise employee" means any natural person employed in the operation of a gambling enterprise, including, without limitation, dealers, floor personnel, security employees, countroom personnel, cage personnel, collection personnel, surveillance personnel, data-processing personnel, appropriate maintenance personnel, waiters and waitresses, and secretaries, or any other natural person whose employment duties require or authorize access to restricted gambling establishment areas.

~~(n) (m)~~ "Gambling establishment," "establishment," or "licensed premises" except as otherwise defined in Section 19812, means one or more rooms where any controlled gambling or activity directly related thereto occurs.

~~(o) (n)~~ "Gambling license" or "state gambling license" means any license issued by the state that authorizes the person named therein to conduct a gambling operation.

~~(p) (o)~~ "Gambling operation" means exposing for play one or more controlled games that are dealt, operated, carried on, conducted, or maintained for commercial gain.

~~(q) (p)~~ "Gross revenue" means the total of all compensation received for conducting any controlled game, and includes interest received in payment for credit extended by an owner licensee to a patron for purposes of gambling, except as provided by regulation.

~~(r) (q)~~ "Hours of operation" means the period during which a gambling establishment is open to conduct the play of controlled games within a 24-hour period. In determining whether there has been expansion of gambling relating to "hours of operation," the ~~division~~ department shall consider the hours in the day when the local ordinance permitted the gambling establishment to be open for business on January 1, 1996, and compare the current ordinance and the hours during which the gambling establishment may be open for business. The fact that the ordinance was amended to permit gambling on a day, when gambling was

not permitted on January 1, 1996, shall not be considered in determining whether there has been gambling in excess of that permitted by Section 19961.

(s) (r) "House" means the gambling establishment, and any owner, shareholder, partner, key employee, or landlord thereof.

(t) (s) "Independent agent," except as provided by regulation, means any person who does either of the following:

- (1) Collects debt evidenced by a credit instrument.
- (2) Contracts with an owner licensee, or an affiliate thereof, to provide services consisting of arranging transportation or lodging for guests at a gambling establishment.

(u) "Initial license" means the license first issued to a person authorizing that person to commence the activities authorized by that license.

(v) (t) "Institutional investor" means any retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees, any investment company registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), any collective investment trust organized by banks under Part Nine of the Rules of the Comptroller of the Currency, any closed-end investment trust, any chartered or licensed life insurance company or property and casualty insurance company, any banking and other chartered or licensed lending institution, any investment advisor registered under the Investment Advisors Act of 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that capacity, and other persons as the commission may determine for reasons consistent with the policies of this chapter.

(w) (u) "Key employee" means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, without limitation, pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, managers or supervisors of security employees, or any other natural person designated as a key employee by the **division department** for reasons consistent with the policies of this chapter.

(x) (v) "Key employee license" means a state license authorizing the holder to be associated with a gambling enterprise as a key employee.

(y) "License" means a gambling license or key employee license.

(z) (w) "Licensed gambling establishment" means the gambling premises encompassed by a state gambling license.

(aa) "Limited partnership" means a partnership formed by two or more persons having as members one or more general partners and one or more limited partners.

(ab) "Limited partnership interest" means the right of a general or limited partner to any of the following:

(1) To receive from a limited partnership any of the following:

(A) A share of the revenue.

(B) Any other compensation by way of income.

(C) A return of any or all of his or her contribution to capital of the limited partnership.

(2) To exercise any of the rights provided under state law.

~~(z)~~(ac) "Owner licensee" means an owner of a gambling enterprise who holds a state gambling license.

~~(aa)~~(ad) "Person," unless otherwise indicated, includes a natural person, corporation, partnership, limited partnership, trust, joint venture, association, or any other business organization.

~~(bb)~~(ae) "Player" means a patron of a gambling establishment who participates in a controlled game.

~~(cc)~~(af) "Player-dealer" and "controlled game featuring a player-dealer position" refer to a position in a controlled game, as defined by the approved rules for that game, in which seated player participants are afforded the temporary opportunity to wager against multiple players at the same table, provided that this position is rotated amongst the other seated players in the game.

~~(dd)~~(ag) "Publicly traded racing association" means a corporation licensed to conduct horse racing and simulcast wagering pursuant to Chapter 4 (commencing with Section 19400) whose stock is publicly traded.

~~(ee)~~(ah) "Qualified racing association" means a corporation licensed to conduct horse racing and simulcast wagering pursuant to Chapter 4 (commencing with Section 19400) that is a wholly owned subsidiary of a corporation whose stock is publicly traded.

(ai) "Renewal license" means the license issued to the holder of an initial license that authorizes the license to continue beyond the expiration date of the initial license.

~~(ff)~~(aj) "Work permit" means any card, certificate, or permit issued by the commission, or by a county, city, or city and county, whether denominated as a work permit, registration card, or otherwise, authorizing the holder to be employed as a gambling enterprise employee or to serve as an independent agent. A document issued by any governmental authority for

any employment other than gambling is not a valid work permit for the purposes of this chapter.

(Amended by SB 730 (Florez), Statutes of 2007, Chapter 438 and SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19806. Lotteries and Gaming; Unlawful conduct; Construction of Chapter

Nothing in this chapter shall be construed in any way to permit or authorize any conduct made unlawful by Chapter 9 (commencing with Section 319) of, or Chapter 10 (commencing with Section 330) of, Title 9 of Part 1 of the Penal Code, or any local ordinance.

19807. Venue

Except as otherwise provided in this chapter, whenever the ~~division~~ ~~department~~ or commission is a defendant or respondent in any proceeding, or when there is any legal challenge to regulations issued by the commission or ~~division~~ ~~department~~, venue for the proceeding shall be in the County of Sacramento, the City and County of San Francisco, the County of Los Angeles, or the County of

San Diego.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

Article 2. Administration.

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Article 2. ADMINISTRATION

19810. Division of Gambling Control; Exercise of Authority by Attorney General or Designee

There is within the Department of Justice, the Division of Gambling Control as provided in Section 15001 of the Government Code. Except as otherwise provided in this chapter, any power or authority of the division department described in this chapter may be exercised by the Attorney General or any other person as the Attorney General may delegate.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19811. California Gambling Control Commission; Members; Powers; Jurisdiction

- (a) There is in state government the California Gambling Control Commission, consisting of five members appointed by the Governor, subject to confirmation by the Senate. The California Gambling Control Commission shall succeed to all of the powers of the former California Gambling Control Board.
- (b) Jurisdiction, including jurisdiction over operation and concentration, and supervision over gambling establishments in this state and over all persons or things having to do with the operations of gambling establishments is vested in the commission.

19812. Commission Members; Eligibility; Qualifications

- (a) Each member of the commission shall be a citizen of the United States and a resident of this state.
- (b) No Member of the Legislature, no person holding any elective office in state, county, or local government, and no officer or official of any political party is eligible for appointment to the commission.

- (c) No more than three of the five members of the commission shall be members of the same political party.
- (d) A person is ineligible for appointment to the commission if, within two years prior to appointment, the person, or any partnership or corporation in which the person is a principal, was employed by, retained by, or derived substantial income from, any gambling establishment. For the purposes of this subdivision, "gambling establishment" means one or more rooms wherein any gaming within the meaning of Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code, or any controlled game within the meaning of Section 337j of the Penal Code, is conducted, whether or not the activity occurred in California.
- (e) One member of the commission shall be a certified public accountant or a person with experience in banking or finance, one member shall be an attorney and a member of the State Bar of California with regulatory law experience, one member shall have a background in law enforcement and criminal investigation, one member shall have a background in business with at least five years of business experience or alternatively five years of governmental experience, and one member shall be from the public at large.

19813. Commission Members; Appointment; Terms; Vacancies; Removal

- (a) Of the members initially appointed, two shall be appointed for a term of two years, two shall be appointed for a term of three years, and one shall be appointed for a term of four years. After the initial terms, the term of office of each member of the commission is four years.
- (b) The Governor shall appoint the members of the commission, subject to confirmation by the Senate, and shall designate one member to serve as chairperson. The initial appointments shall be made within three months of the operative date of this section. Thereafter, vacancies shall be filled within 60 days of the date of the vacancy by the Governor, subject to confirmation by the Senate.
- (c) The Governor may remove any member of the commission for incompetence, neglect of duty, or corruption upon first giving him or her a copy of the charges and an opportunity to be heard.

19814. Commission Members; Appointment; Terms; Vacancies; Removal and Members; Oath of Office; Pecuniary Interest in or doing Business with Licensee

- (a) During their terms of office, the members of the commission shall not engage in any other business, vocation, or employment.
- (b) Before entering upon the duties of his or her office, the ~~director~~ **chief** and each member of the commission shall subscribe to the constitutional oath of office and, in addition, swear that he or she is not, and during his or her term of office shall not be, pecuniarily interested in, or doing business with, any person, business, or organization holding a gambling license.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19815. Members of commission; Salary

- (a) The members of the commission shall receive the salary provided for by Section 11553.5 of the Government Code.
- (b) The chairperson of the commission shall receive the salary provided for by Section 11553 of the Government Code.

19816. Executive Director and Deputy Executive Director; Eligibility; Salary; Duties; Staff Legislative Intent

- (a) The commission shall have an executive director appointed by the commission. A person is ineligible for appointment as executive director or deputy executive director if, within two years prior to appointment, the person, or any partnership or corporation in which the person is a principal, was employed by, retained by, or derived substantial income from, any gambling establishment, whether or not a controlled gambling establishment.
- (b) The executive director shall receive the annual salary established by the commission and approved by the Department of Personnel Administration. The executive director shall be the commission's executive officer and shall carry out and execute the duties as specified by law and by the commission.
- (c) The commission may appoint other staff and clerical personnel as necessary to carry out its duties under this chapter.

19817. Gaming Policy Advisory Committee; Members; Meetings; Recommendations

The commission shall establish and appoint a Gaming Policy Advisory Committee of 10 members. The committee shall be composed of representatives of controlled gambling licensees and members of the general public in equal numbers. The executive director shall, from time to time, convene the committee for the purpose of discussing matters of controlled gambling regulatory policy and any other relevant gambling-related issue. The recommendations concerning gambling policy made by the committee shall be presented to the commission, but shall be deemed advisory and not binding on the commission in the performance of its duties or functions. The committee may not advise the commission on Indian gaming.

19818. Commission Investigation; Tax on Revenue; Regulation of Advertising; Report

- (a) The commission shall investigate the following matters:
 - (1) The consequences, benefits, and disadvantages of imposing a state tax on revenue generated by licensed gambling establishments.
 - (2) Regulation of advertising for the purpose of limiting exposure of children to materials promoting gambling.
- (b) The commission shall report its findings to the Legislature and the Governor no later than January 1, 2005.

19819. Commission Office; Record of Votes; Meetings; Disclosure of Documents

- (a) The commission shall establish and maintain a general office for the transaction of its business in Sacramento. The commission may hold meetings at any place within the state when the interests of the public may be better served.
- (b) A public record of every vote shall be maintained at the commission's principal office.
- (c) A majority of the membership of the commission is a quorum of the commission. The concurring vote of three members of the commission shall be required for any official action of the commission or for the exercise of any of the commission's duties, powers, or functions.
- (d) Except as otherwise provided in this chapter, Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code applies to meetings of the commission. Notwithstanding Section 11125.1 of the Government Code, documents, which are filed with the commission by the ~~division~~ department for the purpose of evaluating the qualifications of an applicant, are exempt from disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19820. Attorneys; Appointment; Representation by Attorney General

The commission may employ not more than eight attorneys. Nothing in this section shall be deemed to exempt the commission from the operation of Section 11040, 11042, or 11043 of the Government Code.

19821. Commission; Meetings; Record or Proceedings; Files and Records; Disclosure of Information; Violation; Penalty

- (a) The commission shall cause to be made and kept a record of all proceedings at regular and special meetings of the commission. These records shall be open to public inspection.
- (b) The commission shall maintain a file of all applications for licenses under this chapter, together with a record of all actions taken with respect to those applications. The file and record shall be open to public inspection.
- (c) The ~~division~~ department and commission may maintain any other files and records as they deem appropriate. Except as provided in this chapter, the records of the ~~division~~ department and commission are exempt from disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.
- (d) Except as necessary for the administration of this chapter, no commissioner and no official, employee, or agent of the commission or the ~~division~~ department, having obtained access to confidential records or information in the performance of duties pursuant to this chapter, shall knowingly disclose or furnish the records or information, or any part thereof, to any person who is not authorized by law to receive it. A violation of this subdivision is a misdemeanor.

- (e) Notwithstanding subdivision (k) of Section 1798.24 of the Civil Code, a court shall not compel disclosure of personal information in the possession of the ~~division~~ department or the commission to any person in any civil proceeding wherein the ~~division~~ department or the commission is not a party, except for good cause and upon a showing that the information cannot otherwise be obtained. Nothing herein shall be construed to authorize the disclosure of personal information that would otherwise be exempt from disclosure.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19822. State or Local Governmental Agency; Files, Records, and Reports; Availability to ~~Division~~ Department; Tax Information; Confidentiality; Inspection by Commission

- (a) All files, records, reports, and other information in possession of any state or local governmental agency that are relevant to an investigation by the ~~division~~ department conducted pursuant to this chapter shall be made available to the ~~division~~ department as requested. However, any tax information received from a governmental agency shall be used solely for effectuating the purposes of this chapter. To the extent that the files, records, reports, or information described in this section are confidential or otherwise privileged from disclosure under any law or exercise of discretion, they shall not lose that confidential or privileged status for having been disclosed to the ~~division~~ department.
- (b) All files, records, reports, and other information pertaining to gambling matters in the possession of the department shall be open at all times to inspection by the members of the commission.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19823. Commission; Responsibilities; Licenses, Approvals, and Permits; Unqualified or Disqualified Persons

- (a) The responsibilities of the commission include, without limitation, all of the following:
- (1) Assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.
 - (2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.
- (b) For the purposes of this section, "unqualified person" means a person who is found to be unqualified pursuant to the criteria set forth in Section 19857, and "disqualified person" means a person who is found to be disqualified pursuant to the criteria set forth in Section 19859.

19824. Commission; Powers

The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter, including, without limitation, the power to do

all of the following:

- (a) Require any person to apply for a license, permit, registration, or approval as specified in this chapter, or regulations adopted pursuant to this chapter.
- (b) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this chapter or regulations adopted pursuant to this chapter, limit, condition, or restrict any license, permit, or approval, or impose any fine upon any person licensed or approved.
- (c) Approve or disapprove transactions, events, and processes as provided in this chapter.
- (d) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities.
- (e) Take actions deemed to be reasonable to ensure that gambling activities take place only in suitable locations.
- (f) Grant temporary licenses, permits, or approvals on appropriate terms and conditions.
- (g) Institute a civil action in any superior court against any person subject to this chapter to restrain a violation of this chapter. An action brought against a person pursuant to this section does not preclude a criminal action or administrative proceeding against that person by the Attorney General or any district attorney or city attorney.
- (h) Issue subpoenas to compel attendance of witnesses and production of documents and other material things at a meeting or hearing of the commission or its committees, including advisory committees.

19825. Administrative Adjudication

The commission may require that any matter that the commission is authorized or required to consider in a hearing or meeting of an adjudicative nature regarding the denial, suspension, or revocation of a license, permit, or a finding of suitability, be heard and determined in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

19826. ~~Division~~ ~~Department~~ Responsibilities; Monitoring Conduct; Investigating Violations and Complaints; Disciplinary Actions; Regulations; Play Approval; Game Rules; Reimbursement

The ~~division~~ ~~department~~ shall have all of the following responsibilities:

- (a) To investigate the qualifications of applicants before any license, permit, or other approval is issued, and to investigate any request to the commission for any approval that may be required pursuant to this chapter. The ~~division~~ ~~department~~ may recommend the denial or the limitation, conditioning, or restriction of any license, permit, or other approval.
- (b) To monitor the conduct of all licensees and other persons having a material involvement, directly or indirectly, with a gambling operation or its holding company, for the purpose of

ensuring that licenses are not issued or held by, and that there is no direct or indirect material involvement with, a gambling operation or holding company by ineligible, unqualified, disqualified, or unsuitable persons, or persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

- (c) To investigate suspected violations of this chapter or laws of this state relating to gambling, including any activity prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code.
- (d) To investigate complaints that are lodged against licensees, or other persons associated with a gambling operation, by members of the public.
- (e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the ~~division~~ department may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.
- (f) To adopt regulations reasonably related to its functions and duties as specified in this chapter.
- (g) Approve the play of any controlled game, including placing restrictions and limitations on how a controlled game may be played. The ~~division~~ department shall make available to the public the rules of play and the collection rates of each gaming activity approved for play at each gambling establishment on the Attorney General's Web site. Actual costs incurred by the ~~division~~ department to review and approve game rules shall be reimbursed to the department by the licensee making the request.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19827. ~~Division~~ Department; Powers; Investigations

- (a) The ~~division~~ department has all powers necessary and proper to enable it to carry out fully and effectually the duties and responsibilities of the ~~division~~ department specified in this chapter. The investigatory powers of the ~~division~~ department include, but are not limited to, all of the following:
 - (1) Upon approval of the ~~director~~ chief, and without notice or warrant, the ~~division~~ department may take any of the following actions:
 - (A) Visit, investigate, and place expert accountants, technicians, and any other person, as it may deem necessary, in all areas of the premises wherein controlled gambling is conducted for the purpose of determining compliance with the rules and regulations adopted pursuant to this chapter.
 - (B) Visit, inspect, and examine all premises where gambling equipment is manufactured, sold, or distributed.
 - (C) Inspect all equipment and supplies in any gambling establishment or in any premises where gambling equipment is manufactured, sold, or distributed.
 - (D) Summarily seize, remove, and impound any equipment, supplies, documents, or records from any licensed premises for the purpose of

examination and inspection. However, upon reasonable demand by the licensee or the licensee's authorized representative, a copy of all documents and records seized shall be made and left on the premises.

- (E) Demand access to, and inspect, examine, photocopy, and audit all papers, books, and records of an owner licensee on the gambling premises in the presence of the licensee or his or her agent.
- (2) Except as provided in paragraph (1), upon obtaining an inspection warrant pursuant to Section 1822.60 of the Code of Civil Procedure, the ~~division~~ department may inspect and seize for inspection, examination, or photocopying any property possessed, controlled, bailed, or otherwise held by any applicant, licensee, or any intermediary company, or holding company.
- (3) The ~~division~~ department may investigate, for purposes of prosecution, any suspected criminal violation of this chapter. However, nothing in this paragraph limits the powers conferred by any other ~~provision of~~ law on agents of the ~~division~~ department who are peace officers.
- (4) The ~~division~~ department may do both of the following:
 - (A) Issue subpoenas to require the attendance and testimony of witnesses and the production of books, records, documents, and physical materials.
 - (B) Administer oaths, examine witnesses under oath, take evidence, and take depositions and affidavits or declarations. Notwithstanding Section 11189 of the Government Code, the ~~division~~ department, without leave of court, may take the deposition of any applicant or any licensee. Sections 11185 and 11191 of the Government Code do not apply to a witness who is an applicant or a licensee.
- (b)
 - (1) Subdivision (a) shall not be construed to limit warrantless inspections except as required by the California Constitution or the United States Constitution.
 - (2) Subdivision (a) shall not be construed to prevent entries and administrative inspections, including seizures of property, without a warrant in the following circumstances:
 - (A) With the consent of the owner, operator, or agent in charge of the premises.
 - (B) In situations presenting imminent danger to health and safety.
 - (C) In situations involving inspection of conveyances where there is reasonable cause to believe that the mobility of the conveyance makes it impractical to obtain a warrant, or in any other exceptional or emergency circumstance where time or opportunity to apply for a warrant is lacking.
 - (D) In accordance with this chapter.
 - (E) In all other situations where a warrant is not constitutionally required.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19828. Applicant, Licensee, or Registrant Communication or Document; Privilege; Release or Disclosure

- (a) Without limiting any privilege that is otherwise available under law, any communication or publication from, or concerning, an applicant, licensee, or registrant, in oral, written, or any other form, is absolutely privileged and so shall not form a basis for imposing liability for defamation or constitute a ground for recovery in any civil action, under any of the following

circumstances:

- (1) It was made or published by an agent or employee of the ~~division~~ department or commission in the proper discharge of official duties or in the course of any proceeding under this chapter.
 - (2) It was required to be made or published to the ~~division~~ department or commission, or any of their agents or employees, by law, regulation, or subpoena of the ~~division~~ department or the commission.
 - (3) It was, in good faith, made or published to the ~~division~~ department or the commission for the purpose of causing, assisting, or aiding an investigation conducted pursuant to this chapter.
- (b) If any document or communication provided to the ~~division~~ department or the commission contains any information that is privileged pursuant to Division 8 (commencing with Section 900) of the Evidence Code, or any other provision of law, that privilege is not waived or lost because the document or communication is disclosed to the ~~division~~ department or the commission or to any of their agents or employees.
- (c) The ~~division~~ department, the commission, and their agents and employees shall not release or disclose any information, documents, or communications provided by an applicant, licensee, or other person, that are privileged pursuant to Division 8 (commencing with Section 900) of the Evidence Code, or any other provision of law, without the prior written consent of the holder of the privilege, or pursuant to lawful court order after timely notice of the proceedings has been given to the holder of the privilege. An application to a court for an order requiring the ~~division~~ department or the commission to release any information declared by law to be confidential shall be made only upon motion made in writing on not less than 10-business days' notice to the ~~division~~ department or the commission, and to all persons who may be affected by the entry of the order.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

**19829. District Attorneys and State and Local Law Enforcement Agencies;
Report to ~~Division~~ Department; Investigation or Prosecution;
Appearance of Gambling Law Violation**

Every district attorney, and every state and local law enforcement agency, shall furnish to the ~~division~~ department, on forms prepared by the ~~division~~ department, all information obtained during the course of any substantial investigation or prosecution of any person, as determined by the ~~division~~ department, if it appears that a violation of any law related to gambling has occurred, including any violation of Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code.

19830. Gambling Control Fund; Investigative Account

There is an investigative account within the Gambling Control Fund. All funds received for the purpose of paying expenses incurred by the ~~division~~ department for investigation of an application for a license or approval under this chapter shall be deposited in the account. Expenses may be advanced from the investigative account to the ~~division~~ department by the ~~director~~ chief.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

Article 3. Regulations

***19840. Authority; Size of Establishment**

***19841. Content Requirements**

19842. Prohibition of Play of Game or Restriction in Manner of Play; Violation of law or Ordinance; Construction; Emergency Regulations

19843. Placement of Wager on Controlled Game by Person at Table

19844. Exclusion or Ejection of individuals from gaming establishments; formulation of list; distribution; petition; action against licensee

19845. Removal of Persons from Licensed Premises; Reasons

19846. Civil Liability concerning Ejection or Exclusion

Article 3. REGULATIONS

19840. Adoption; Filing; Duration

The commission may adopt regulations for the administration and enforcement of this chapter. To the extent appropriate, regulations of the commission and the ~~division~~ department shall take into consideration the operational differences of large and small establishments.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19841. Content Requirements

The regulations adopted by the commission shall do all of the following:

(a) With respect to applications, registrations, investigations, and fees, the regulations shall include, but not be limited to, provisions that do all of the following:

- (1) Prescribe the method and form of application and registration.
- (2) Prescribe the information to be furnished by any applicant, licensee, or registrant concerning, as appropriate, the person's personal history, habits, character, associates, criminal record, business activities, organizational structure, and financial affairs, past or present.
- (3) Prescribe the information to be furnished by an owner licensee relating to the licensee's gambling employees.
- (4) Require fingerprinting or other methods of identification of an applicant, licensee, or employee of a licensee.
- (5) Prescribe the manner and method of collection and payment of fees and issuance of licenses.

(b) Provide for the approval of game rules and equipment by the ~~division~~ department to ensure fairness to the public and compliance with state laws.

- (c) Implement the provisions of this chapter relating to licensing and other approvals.
- (d) Require owner licensees to report and keep records of transactions, including transactions as determined by the ~~division~~ department, involving cash or credit. The regulations may include, without limitation, regulations requiring owner licensees to file with the ~~division~~ department reports similar to those required by Sections 5313 and 5314 of Title 31 of the United States Code, and by Sections 103.22 and 103.23 of Title 31 of the Code of Federal Regulations, and any successor provisions thereto, from financial institutions, as defined in Section 5312 of Title 31 of the United States Code and Section 103.11 of Title 31 of the Code of Federal Regulations, and any successor provisions.
- (e) Provide for the receipt of protests and written comments on an application by public agencies, public officials, local governing bodies, or residents of the location of the gambling establishment or future gambling establishment.
- (f) Provide for the disapproval of advertising by licensed gambling establishments that are determined by the ~~division~~ department to be deceptive to the public. Regulations adopted by the commission for advertising by licensed gambling establishments shall be consistent with the advertising regulations adopted by the California Horse Racing Board and the Lottery Commission. Advertisement that appeals to children or adolescents or that offers gambling as a means of becoming wealthy is presumptively deceptive.
- (g) Govern all of the following:
 - (1) The extension of credit.
 - (2) The cashing, deposit, and redemption of checks or other negotiable instruments.
 - (3) The verification of identification in monetary transactions.
- (h) Prescribe minimum procedures for adoption by owner licensees to exercise effective control over their internal fiscal and gambling affairs, which shall include, but not be limited to, provisions for all of the following:
 - (1) The safeguarding of assets and revenues, including the recording of cash and evidences of indebtedness.
 - (2) Prescribing the manner in which compensation from games and gross revenue shall be computed and reported by an owner licensee.
 - (3) The provision of reliable records, accounts, and reports of transactions, operations, and events, including reports to the ~~division~~ department.
- (i) Provide for the adoption and use of internal audits, whether by qualified internal auditors or by certified public accountants. As used in this subdivision, "internal audit" means a type of control that operates through the testing and evaluation of other controls and that is also directed toward observing proper compliance with the minimum standards of control prescribed in subdivision (h).
- (j) Require periodic financial reports from each owner licensee.

- (k) Specify standard forms for reporting financial conditions, results of operations, and other relevant financial information.
- (l) Formulate a uniform code of accounts and accounting classifications to ensure consistency, comparability, and effective disclosure of financial information.
- (m) Prescribe intervals at which the information in subdivisions (j) and (k) shall be furnished to the ~~division~~ department.
- (n) Require audits to be conducted, in accordance with generally accepted auditing standards, of the financial statements of all owner licensees whose annual gross revenues equal or exceed a specified sum. However, nothing herein shall be construed to limit the ~~division's~~ department's authority to require audits of any owner licensee. Audits, compilations, and reviews provided for in this subdivision shall be made by independent certified public accountants licensed to practice in this state.
- (o) Restrict, limit, or otherwise regulate any activity that is related to the conduct of controlled gambling, consistent with the purposes of this chapter.
- (p) Define and limit the area, games, hours of operation, number of tables, wagering limits, and equipment permitted, or the method of operation of games and equipment, if the commission, upon the recommendation of, or in consultation with, the ~~division~~ department, determines that local regulation of these subjects is insufficient to protect the health, safety, or welfare of residents in geographical areas proximate to a gambling establishment.
- (q) Prohibit gambling establishments from cashing checks drawn against any federal, state, or county fund, including, but not limited to, social security, unemployment insurance, disability payments, or public assistance payments. However, a gambling establishment shall not be prohibited from cashing any payroll checks or checks for the delivery of goods or services that are drawn against a federal, state, or county fund. Gambling establishments shall send the ~~division~~ department copies of all dishonored or uncollectible checks at the end of each quarter.
- (r) Provide for standards, specifications, and procedures governing the manufacture, distribution, including the sale and leasing, inspection, testing, location, operation, repair, and storage of gambling equipment, and for the licensing of persons engaged in the business of manufacturing, distributing, including the sale and leasing, inspection, testing, repair, and storage of gambling equipment.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19842. Prohibition of Play of Game or Restriction in Manner of Play; Violation of law or Ordinance; Construction; Emergency Regulations

- (a) The commission shall not prohibit, on a statewide basis, the play of any game or restrict the manner in which any game is played, unless the commission, in a proceeding pursuant to this article, finds that the game, or the manner in which the game is played, violates a law of the United States, a law of this state, or a local ordinance.

- (b) Nothing in this section shall be construed to limit the powers of the commission in a proceeding against a licensee pursuant to Article 10 (commencing with Section 19930).
- (c) No regulation prohibiting a game or the manner in which a game is played shall be deemed to be an emergency regulation.

19843. Placement of Wager on Controlled Game by Person at Table

The commission shall not prohibit, on a statewide basis, the placing of a wager on a controlled game by a person at a gaming table, if the person is present at the table and actively participating in the hand with a single-seated player upon whose hand the wagers are placed.

19844. Exclusion or Ejection of individuals from gaming establishments; formulation of list; distribution; petition; action against licensee

- (a) The commission shall, by regulation, provide for the formulation of a list of persons who are to be excluded or ejected from any gambling establishment. The list may include any person whose presence in the establishment is determined by the commission to pose a threat to the interests of this state or to controlled gambling, or both.
- (b) In making the determination described in subdivision (a), the commission may consider, but is not limited to considering, any of the following:
 - (1) Prior conviction of a crime that is a felony in this state or under the laws of the United States, a crime involving moral turpitude, or a violation of the gambling laws of this or any other state.
 - (2) The violation of, or conspiracy to violate, the provisions of this chapter relating to the failure to disclose an interest in a gambling establishment for which the person is required to obtain a license, or the willful evasion of fees.
 - (3) A notorious or unsavory reputation that would adversely affect public confidence and trust that the gambling industry is free from criminal or corruptive elements.
 - (4) An order of exclusion or ejection from a racing enclosure issued by the California Horse Racing Board.
- (c) The commission shall distribute the list of persons who are to be excluded or ejected from any gambling establishment to all owner licensees and shall provide notice to any persons included on the list.
- (d) The commission shall adopt regulations establishing procedures for hearing of petitions by persons who are ejected or excluded from licensed premises pursuant to this section or pursuant to Section 19845.
- (e) The commission may revoke, limit, condition, or suspend the license of an owner, or fine an owner licensee, if that licensee knowingly fails to exclude or eject from the gambling establishment of that licensee any person included on the list of persons to be excluded or ejected.

19845. Removal of Persons from Licensed Premises; Reasons

- (a) A licensee may remove from his or her licensed premises any person who, while on the

premises:

- (1) Is a disorderly person, as defined by Section 647 of the Penal Code.
 - (2) Interferes with a lawful gambling operation.
 - (3) Solicits or engages in any act of prostitution.
 - (4) Beggars, is boisterous, or is otherwise offensive to other persons.
 - (5) Commits any public offense.
 - (6) Is intoxicated.
 - (7) Is a person who the commission, pursuant to regulation, has determined should be excluded from licensed gambling establishments in the public interest.
- (b) Nothing in this section shall be deemed, expressly or impliedly, to preclude a licensee from exercising the right to deny access to or to remove any person from its premises or property for any reason the licensee deems appropriate.

19846. Civil Liability

- (a) Notwithstanding any other provision of law and except as provided in subdivision (b), a gambling establishment that ejects or excludes an individual based upon Section 19844 or 19845 is not subject to civil liability for a mistake as to the grounds for ejecting or excluding a person if the ejection or exclusion was based upon a reasonable and good faith belief, after a reasonable investigation, that these sections applied to the individual in question.
- (b) Notwithstanding subdivision (a), a gambling establishment may not be relieved from liability for any damages arising from the means of ejection or exclusion.

Article 4. Licensing

19850. State Gambling License, Key Employee License, or Work Permit; Requirements; Violation; Punishment

***19851.** State Gambling License; Owner of Gambling Enterprise; Endorsement on License

19852. Owner Not Natural Person; Eligibility for State Gambling License; Individual Licenses

19852.2. Limited Partnership with Interest in Racetrack Card Club

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19874. License Issue and Delivery; Terms and Conditions

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***19876.** License Renewal; Application; Fees; Penalties; Closure of Premises

***19877.** Failure to File Renewal Application; Surrender of License; Renewal on Fee Payment

***19878.** Contract with or Employment of Person Denied License or with a Suspended or Revoked License or an Application Withdrawn with Prejudice; Termination or Suspension of Employee; Remuneration for Services; Contract Provisions

19879. License Application Denial; Interest in Business Entity

Article 4. LICENSING

19850. State Gambling License, Key Employee License, or Work Permit; Requirements; Violation; Punishment

Every person who, either as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game in this state, or who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled game in this state, shall apply for and obtain from the commission, and shall thereafter maintain, a valid state gambling license, key employee license, or work permit, as specified in this chapter. In any criminal prosecution for violation of this section, the punishment shall be as provided in Section 337j of the Penal Code.

19851. State Gambling License; Owner of Gambling Enterprise; Endorsement on License

(a) The owner of a gambling enterprise shall apply for and obtain a state gambling license.

(b) Other persons who also obtain a state gambling license, or key employee license, as required by this chapter, shall not receive a separate license certificate, but the license of every such person shall be endorsed on the license that is issued to the owner of the gambling enterprise.

(c) Notwithstanding subdivision (b), this section shall not apply to key employee licenses issued on or after July 1, 2008, or the effective date of the process established pursuant to subdivision (d) of Section 19854 to make key employee licenses personal and portable, whichever is sooner.

(Amended by SB 730 (Flores), Chapter 438, Statutes of 2007)

19852. Owner Not Natural Person; Eligibility for State Gambling License; Individual Licenses

Except as provided in Section 19852.2, an owner of a gambling enterprise that is not a natural person shall not be eligible for a state gambling license unless each of the following persons individually applies for and obtains a state gambling license:

- (a) If the owner is a corporation, then each officer, director, and shareholder, other than a holding or intermediary company, of the owner. The foregoing does not apply to an owner that is either a publicly traded racing association or a qualified racing association.
- (b) If the owner is a publicly traded racing association, then each officer, director, and owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the publicly traded corporation.
- (c) If the owner is a qualified racing association, then each officer, director, and shareholder, other than an institutional investor, of the subsidiary corporation and any owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the publicly traded corporation.
- (d) If the owner is a partnership, then every general and limited partner of, and every trustee or person, other than a holding or intermediary company, having or acquiring a direct or beneficial interest in, that partnership owner.
- (e) If the owner is a trust, then the trustee and, in the discretion of the commission, any beneficiary and the trustor of the trust.
- (f) If the owner is a business organization other than a corporation, partnership, or trust, then all those persons as the commission may require, consistent with this chapter.
- (g) Each person who receives, or is to receive, any percentage share of the revenue earned by the owner from gambling activities.
- (h) Every employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the commission, has the power to exercise a significant influence over the gambling operation.

19852.2. Limited Partnership with Interest in Racetrack Card Club

- (a) Notwithstanding Section 19852 or any other provision of law to the contrary, and solely for the purpose of the licensure of a card club located on the grounds of a racetrack that is owned by a limited partnership that also owns the racetrack, the commission, in its discretion, may exempt from the licensing requirements of this chapter:
 - (1) The limited partners in a limited partnership that holds interest in a holding company if all of the following criteria are met:
 - (A) The limited partners of the limited partnership in the aggregate directly hold at least 95 percent of the interest in the holding company.

- (B) The limited partner is one of the following:
 - (i) An "institutional investor" as defined in subdivision (s) of Section 19805.
 - (ii) An "employee benefit plan" as defined in Section 1002(3) of Title 29 of the United States Code.
 - (iii) An investment company that manages a state university endowment.
- (2) Other limited partners in a limited partnership described in paragraph (1), if the partners do not number more than five and each partner indirectly owns one percent or less of the shares of the interest in the holding company.
- (b) Nothing in this section shall be construed to limit the licensure requirements for a general partner of a limited partnership or a limited partner that is not specifically described in this section.

19853. Registration, Finding of Suitability, or Gambling License; Commission or ~~Division~~ Department Requirement of Certain Individuals or Corporations

- (a) The commission, by regulation or order, may require that the following persons register with the commission, apply for a finding of suitability as defined in subdivision (i) of 19805, or apply for a gambling license:
 - (1) Any person who furnishes any services or any property to a gambling enterprise under any arrangement whereby that person receives payments based on earnings, profits, or receipts from controlled gambling.
 - (2) Any person who owns an interest in the premises of a licensed gambling establishment or in real property used by a licensed gambling establishment.
 - (3) Any person who does business on the premises of a licensed gambling establishment.
 - (4) Any person who is an independent agent of, or does business with, a gambling enterprise as a ticket purveyor, a tour operator, the operator of a bus program, or the operator of any other type of travel program or promotion operated with respect to a licensed gambling establishment.
 - (5) Any person who provides any goods or services to a gambling enterprise for compensation that the commission finds to be grossly disproportionate to the value of the goods or services provided.
 - (6) Every person who, in the judgment of the commission, has the power to exercise a significant influence over the gambling operation.
- (b) The ~~division~~ department may conduct any investigation it deems necessary to determine whether a publicly traded corporation is, or has, engaged in activities specified in paragraph (2), (3), or (4) of subdivision (a), and shall report its findings to the commission. If a publicly traded corporation is engaged in activities described in paragraphs (2), (3), or (4) of

subdivision (a), the commission may require the corporation and the following other persons to apply for and obtain a license or finding of suitability:

- (1) Any officer or director.
- (2) Any owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the corporation.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19854. Key Employee License; Positions; Qualifications

(a) Every key employee shall apply for and obtain a key employee license.

(b) No person may be issued a key employee license unless the person would qualify for a state gambling license.

(c) A key employee shall entitle the holder to work as a key employee in any key employee position at any gambling establishment provided that the key employee terminates employment with one gambling establishment before commencing work for another.

(d) The commission shall establish a program for portable personal licenses for key employees as well as a process by which valid key employee licenses then in effect shall be converted to personal portable licenses. The commission may, as part of that process, establish a fee to be paid by a key employee when seeking a personal portable license. The commission shall seek to implement the requirements imposed by this subdivision on or before July 1, 2008.

(Amended by SB 730 (Florez), Chapter 438, Statutes of 2007)

19855. License Required Prior to Activity; Period to File Application

Except as otherwise provided by statute or regulation, every person who, by statute or regulation, is required to hold a state license shall obtain the license prior to engaging in the activity or occupying the position with respect to which the license is required. Every person who, by order of the commission, is required to apply for a gambling license or a finding of suitability shall file the application within 30 calendar days after receipt of the order.

19856. License Issuance; Burden of Proving Qualifications; Considerations

(a) Any person who the commission determines is qualified to receive a state license, having due consideration for the proper protection of the health, safety, and general welfare of the residents of the State of California and the declared policy of this state, may be issued a license. The burden of proving his or her qualifications to receive any license is on the applicant.

(b) An application to receive a license constitutes a request for a determination of the applicant's general character, integrity, and ability to participate in, engage in, or be associated with, controlled gambling.

- (c) In reviewing an application for any license, the commission shall consider whether issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the license will undermine public trust that the gambling operations with respect to which the license would be issued are free from criminal and dishonest elements and would be conducted honestly.

19857. License Issuance; Applicant Qualification Requirements

No gambling license shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is all of the following:

- (a) A person of good character, honesty, and integrity.
- (b) A person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto.
- (c) A person that is in all other respects qualified to be licensed as provided in this chapter.

19858. License to Own Gambling Establishment; Financial Interest in Prohibited Forms of Gambling; Application

- (a) Except as provided in subdivision (b), a person shall be deemed to be unsuitable to hold a state gambling license to own a gambling establishment if the person, or any partner, officer, director, or shareholder of the person, has any financial interest in any business or organization that is engaged in any form of gambling prohibited by Section 330 of the Penal Code, whether within or without this state.
- (b) Subdivision (a) does not apply to a publicly traded racing association, a qualified racing association, or any person who is licensed pursuant to subdivision (b) or (c) of Section 19852.

19858.5 License to Own Gambling Establishment; Financial Interest Not More than 1%

Notwithstanding Section 19858, the commission may, pursuant to this chapter, deem an applicant or licensee suitable to hold a state gambling license even if the applicant or licensee has a financial interest in another business that conducts lawful gambling outside the state that, if conducted within California, would be unlawful, provided that an applicant or licensee may not own, either directly or indirectly, more than a 1 percent interest in, or have control of, that business.

(Amended by SB 289 (Vincent), Chapter 294, Statutes of 2007)

19859. License Denial; Applicant Disqualification

The commission shall deny a license to any applicant who is disqualified for any of the following reasons:

- (a) Failure of the applicant to clearly establish eligibility and qualification in accordance with this chapter.
- (b) Failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the **Director Chief**, or failure of the applicant to reveal any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the qualification criteria.
- (c) Conviction of a felony, including a conviction by a federal court or a court in another state for a crime that would constitute a felony if committed in California.
- (d) Conviction of the applicant for any misdemeanor involving dishonesty or moral turpitude within the 10-year period immediately preceding the submission of the application, unless the applicant has been granted relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code; provided, however, that the granting of relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code shall not constitute a limitation on the discretion of the commission under Section 19856 or affect the applicant's burden under Section 19857.
- (e) Association of the applicant with criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.
- (f) Contumacious defiance by the applicant of any legislative investigatory body, or other official investigatory body of any state or of the United States, when that body is engaged in the investigation of crimes relating to gambling; official corruption related to gambling activities; or criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.
- (f) The applicant is less than 21 years of age.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19860. License Denial; Establishment in Location without Required Ordinance

- (a) The commission shall deny a gambling license with respect to any gambling establishment that is located in a city, county, or city and county that does not have an ordinance governing all of the following matters:
 - (1) The hours of operation of gambling establishments.
 - (2) Patron security and safety in and around the gambling establishments.
 - (3) The location of gambling establishments.
 - (4) Wagering limits in gambling establishments.
 - (5) The number of gambling tables in each gambling establishment and in the jurisdiction.
- (b) In any city, county, or city and county in which the local gambling ordinance does not govern

the matters specified in subdivision (a), any amendment to the ordinance to govern those matters is not subject to Section 19961, provided that a local election is required to add these matters, and the ordinance only provides for private clubs by vote of the people, and that the ordinance is amended to contain these matters on or before July 1, 2000.

19861. Denial of License; Criteria

Notwithstanding subdivision (i) of Section 19801, the commission shall not deny a license to a gambling establishment solely because it is not open to the public, provided that all of the following are true:

- (a) the gambling establishment is situated in a local jurisdiction that has an ordinance allowing only private clubs, and the gambling establishment was in operation as a private club under that ordinance on December 31, 1997, and met all applicable state and local gaming registration requirements;
- (b) the gambling establishment consists of no more than five gaming tables;
- (c) videotaped recordings of the entrance to the gambling room or rooms and all tables situated therein are made during all hours of operation by means of closed circuit television cameras, and these tapes are retained for a period of 30 days and are made available for review by the **division-department** or commission upon request; and
- (d) the gambling establishment is open to members of the private club and their spouses in accordance with membership criteria in effect as of December 31, 1997.

A gambling establishment meeting these criteria, in addition to the other requirements of this chapter, may be licensed to operate as a private club gambling establishment until November 30, 2003, or until the ownership or operation of the gambling establishment changes from the ownership or operation as of January 1, 1998, whichever occurs first. Operation of the gambling establishments after this date shall only be permitted if the local jurisdiction approves an ordinance, pursuant to Sections 19961 and 19962, authorizing the operation of gambling establishments that are open to the public. The commission shall adopt regulations implementing this section. Prior to the commission's issuance of a license to a private club, the **division-department** shall ensure that the ownership of the gambling establishment has remained constant since January 1, 1998, and the operation of the gambling establishment has not been leased to any third party.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19862. License Denial; Consideration by Commission; Additional Grounds

- (a) In addition to other grounds stated in this chapter, the commission may deny a gambling license for any of the following reasons:
 - (1) If issuance of the license with respect to the proposed gambling establishment or expansion would tend unduly to create law enforcement problems in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's premises.
 - (2) If an applicant fails to conduct an economic feasibility study that demonstrates to the satisfaction of the commission that the proposed gambling establishment will be economically viable, and that the owners have sufficient resources to make the gambling establishment successful. The commission shall hold a public hearing for the purpose of reviewing the feasibility study. All papers, studies, projections, pro

formas, and other materials filed with the commission pursuant to an economic feasibility study are public records and shall be disclosed to all interested parties.

- (3) If issuance of the license is sought in respect to a new gambling establishment, or the expansion of an existing gambling establishment, that is to be located or is located near an existing school, an existing building used primarily as a place of worship, an existing playground or other area of juvenile congregation, an existing hospital, convalescence facility, or near another similarly unsuitable area, as determined by regulation of the commission, which is located in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's gambling premises.

- (b) For the purposes of this section, "expansion" means an increase of 25 percent or more in the number of authorized gambling tables in a gambling establishment, based on the number of gambling tables for which a license was initially issued pursuant to this chapter.

19863. Publicly Traded Association or Qualified Racing Association; Gaming Establishment

A publicly traded racing association or a qualified racing association shall be allowed to operate only one gaming establishment, and the gaming establishment shall be located on the same premises as the entity's racetrack.

19864. State License Application; Forms; Content

- (a) Application for a state license or other commission action shall be made on forms furnished by the commission.

- (b) The application for a gambling license shall include all of the following:

- (1) The name of the proposed licensee.
- (2) The name and location of the proposed gambling establishment.
- (3) The gambling games proposed to be conducted.
- (4) The names of all persons directly or indirectly interested in the business and the nature of the interest.
- (5) A description of the proposed gambling establishment and operation.
- (6) Any other information and details the commission may require in order to discharge its duty properly.

19865. Supplemental Forms; Content

The ~~division~~ department shall furnish to the applicant supplemental forms, which the applicant shall complete and file with the ~~division~~ department. These supplemental forms shall require, but shall not be limited to requiring, complete information and details with respect to the applicant's personal history, habits, character, criminal record, business activities, financial affairs, and business associates, covering at least a 10-year period immediately preceding the date of filing of the application. Each applicant shall submit two sets of fingerprints, using "live scan" or other prevailing, accepted technology, or on forms provided by the ~~division~~ department. The ~~division~~ department may submit one fingerprint card to the United States Federal Bureau of Investigation.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19866. Information Disclosure by Applicant

An applicant for licensing or for any approval or consent required by this chapter, shall make full and true disclosure of all information to the division department and the commission as necessary to carry out the policies of this state relating to licensing, registration, and control of gambling.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19867. Deposit; Costs and Charges of Investigation; Refund; Accounting

- (a) An application for a license or a determination of suitability shall be accompanied by the deposit of a sum of money that, in the judgment of the director chief, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of the application. The director chief shall adopt a schedule of costs and charges of investigation for use as guidelines in fixing the amount of any required deposit under this section. The schedule shall distinguish between initial and renewal licenses with respect to costs and charges.
- (b) During an investigation, the director chief may require an applicant to deposit any additional sums as are required by the division department to pay final costs and charges of the investigation.
- (c) Any money received from an applicant in excess of the costs and charges incurred in the investigation or the processing of the application shall be refunded pursuant to regulations adopted by the division department. At the conclusion of the investigation, the director chief shall provide the applicant a written, itemized accounting of the costs and charges thereby incurred.

(Amended by SB 730 (Florez), Chapter 438, Statutes of 2007 and SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19868. Investigation; Commencement; Conclusion; Denial without Prejudice

- (a) Within a reasonable time after the filing of an application and any supplemental information the division department may require, and the deposit of any fee required pursuant to Section 19867, the division department shall commence its investigation of the applicant and, for that purpose, may conduct any proceedings it deems necessary. To the extent practicable, all applications shall be acted upon within 180 calendar days of the date of submission of a completed application. If an investigation has not been concluded within 180 days after the date of submission of a completed application, the division department shall inform the applicant in writing of the status of the investigation and shall also provide the applicant with an estimated date on which the investigation may reasonably be expected to be concluded.
- (b) If denial of the application is recommended, the director chief shall prepare and file with the commission his or her written reasons upon which the recommendation is based.
 - (1) Prior to filing his or her recommendation with the commission, the director chief shall meet with the applicant, or the applicant's duly authorized representative, and inform him or her generally of the basis for any proposed recommendation that the application be denied, restricted, or conditioned.
 - (2) Not less than 10 business days prior to the meeting of the commission at which the application is to be considered, the division department shall deliver to the applicant a

summary of the **director's chief's** final report and recommendation.

- (3) This section neither requires the **division department** to divulge to the applicant any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained confidential, and nor to divulge any information that might reveal the identity of any informer or jeopardize the safety of any person.

- (c) A recommendation of denial of an application shall be without prejudice to a new and different application filed in accordance with applicable regulations.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19869. Request for Withdrawal of Application; Denial; Grant with Prejudice; Fee Refund

A request for withdrawal of any application may be made at any time prior to final action upon the application by the **director chief** by the filing of a written request to withdraw with the commission. For the purposes of this section, final action by the **division department** means a final determination by the **director chief** regarding his or her recommendation on the application to the commission. The commission shall not grant the request unless the applicant has established that withdrawal of the application would be consistent with the public interest and the policies of this chapter. If a request for withdrawal is denied, the **division department** may go forward with its investigation and make a recommendation to the commission upon the application, and the commission may act upon the application as if no request for withdrawal had been made. If a request for withdrawal is granted with prejudice, the applicant thereafter shall be ineligible to renew its application until the expiration of one year from the date of the withdrawal. Unless the commission otherwise directs, no fee or other payment relating to any application is refundable by reason of withdrawal of an application.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19870. Commission Authority to Deny or Grant License; Restrictions; Statement of Reasons for Denial; Record of Meeting Proceedings; Review by Petition

- (a) The commission, after considering the recommendation of the **director chief** and any other testimony and written comments as may be presented at the meeting, or as may have been submitted in writing to the commission prior to the meeting, may either deny the application or grant a license to an applicant who it determines to be qualified to hold the license.
- (b) When the commission grants an application for a license or approval, the commission may limit or place restrictions thereon as it may deem necessary in the public interest, consistent with the policies described in this chapter.
- (c) When an application is denied, the commission shall prepare and file a detailed statement of its

reasons for the denial.

- (d) All proceedings at a meeting of the commission relating to a license application shall be recorded stenographically or on audiotape or videotape.
- (e) A decision of the commission denying a license or approval, or imposing any condition or restriction on the grant of a license or approval may be reviewed by petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 of the Code of Civil Procedure shall not apply to any judicial proceeding described in the foregoing sentence, and the court may grant the petition only if the court finds that the action of the commission was arbitrary and capricious, or that the action exceeded the commission's jurisdiction.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19871. Commission Meeting; Conduct

- (a) The commission meeting described in Section 19870 shall be conducted in accordance with regulations of the commission and as follows:
 - (1) Oral evidence shall be taken only upon oath or affirmation.
 - (2) Each party shall have all of the following rights:
 - (A) To call and examine witnesses.
 - (B) To introduce exhibits relevant to the issues of the case.
 - (C) To cross-examine opposing witnesses on any matters relevant to the issues, even though the matter was not covered on direct examination.
 - (D) To impeach any witness, regardless of which party first called the witness to testify.
 - (E) To offer rebuttal evidence.
 - (3) If the applicant does not testify in his or her own behalf, he or she may be called and examined as if under cross-examination.
 - (4) The meeting need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be considered, and is sufficient in itself to support a finding, if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of that evidence over objection in a civil action.
- (b) Nothing in this section confers upon an applicant a right to discovery of the division's department's investigative reports or to require disclosure of any document or information the disclosure of which is otherwise prohibited by any other provision of this chapter.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19872. Ex Parte Communications; Disqualification of Commission Members; Application Denial

- (a) No member of the commission may communicate ex parte, directly or indirectly, with any applicant, or any agent, representative, or person acting on behalf of an applicant, upon the merits of an application for a license, permit, registration, or approval while the application is

pending disposition before the division department or the commission.

- (b) No applicant, or any agent, representative, or person acting on behalf of an applicant, and no person who has a direct or indirect interest in the outcome of a proceeding to consider an application for a license, permit, registration, or approval may communicate ex parte, directly or indirectly, with any member of the commission, upon the merits of the application while the application is pending disposition before the division department.
- (c) No employee or agent of the division department, applicant, or any agent, representative, or person acting on behalf of an applicant, and no person who has a direct or indirect interest in the outcome of a proceeding to consider an application for a license, permit, registration, or approval may communicate ex parte, directly or indirectly, with any member of the commission, upon the merits of the application, while the application is pending disposition before the commission.
- (d) The receipt by a member of the commission of an ex parte communication prohibited by this section may provide the basis for disqualification of that member or the denial of the application. The commission shall adopt regulations to implement this subdivision.
- (e) For the purposes of this subdivision, "ex parte" means a communication without notice and opportunity for all parties to participate in the communication.
- (f) Nothing in this section precludes a communication made on the record at a public hearing on a properly agendized matter.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19873. License Assignment or Transfer

No license may be assigned or transferred either in whole or in part.

19874. License Issue and Delivery; Terms and Conditions

Subject to subdivision (b) of Section 19851, the commission shall issue and deliver to the applicant a license entitling the applicant to engage in the activity for which the license is issued, together with an enumeration of any specific terms and conditions of the license if both of the following conditions have been met:

- (a) The commission is satisfied that the applicant is eligible and qualified to receive the license.
- (b) All license fees required by statute and by regulations of the commission have been paid.

19875. Owner's Gambling License; Posting

An owner's gambling license shall be posted at all times in a conspicuous place in the area where gambling is conducted in the establishment for which the license is issued until it is replaced by a succeeding license.

19876. License Renewal; Application; Fees; Penalties; Closure of Premises

- (a) Subject to the power of the commission to deny, revoke, suspend, condition, or limit any license, as provided in this chapter, a license shall be renewed annually, or for a longer period that the commission may set, not to exceed two years, by the commission from the date of issuance, upon proper application for renewal and payment of state gambling fees as required by statute or regulation. Any license that is renewed for a period of longer than one year shall be reviewed by the commission, and may be amended to be for one year, upon order of the commission. All licensees shall pay any state gambling fee set forth in Section 19951, regardless of the renewal term. Licenses renewed on or before July 31, 2008, shall be for the renewal period in effect at the time of the renewal but shall not expire any sooner than 15 months after the approval of the renewal application. Licenses renewed on or after August 1, 2008, shall expire 24 months after the date of the approval of the renewal application or after the expiration of the prior license, whichever is later.
- (b) An application for renewal of a gambling license shall be filed by the owner licensee or key employee with the commission no later than 120 calendar days prior to the expiration of the current license. The commission shall act upon any application for renewal prior to the date of expiration of the current license. Upon renewal of any owner license, the commission shall issue an appropriate renewal certificate or validating device or sticker.
- (c) Unless the commission determines otherwise, renewal of an owner's gambling license shall be deemed to effectuate the renewal of every other gambling license endorsed thereon.
- (d) In addition to the penalties provided by law, any owner licensee who deals, operates, carries on, conducts, maintains, or exposes for play any gambling game after the expiration date of the gambling license is liable to the state for all license fees and penalties that would have been due upon renewal.
- (e) If an owner licensee fails to renew the gambling license as provided in this chapter, the commission may order the immediate closure of the premises and a cessation of all gambling activity therein until the license is renewed.

(Amended by SB 730 (Florez), Chapter 438, Statutes of 2007)

19877. Failure to File Renewal Application; Surrender of License; Renewal on Fee Payment

The failure of an owner licensee to file an application for renewal before the date specified in this chapter may be deemed a surrender of the license. A license has not been renewed within the meaning of this section until all required renewal fees have been paid.

19878. Contract with or Employment of Person Denied License or with a Suspended or Revoked License or an Application Withdrawn with Prejudice; Termination or Suspension of Employee; Remuneration for Services; Contract Provisions

- (a) Neither an owner licensee, nor a California affiliate of an owner licensee, shall enter into,

without prior approval of the commission, any contract or agreement with a person who is denied a license, or whose license is suspended or revoked by the commission, or with any business enterprise under the control of that person, after the date of receipt of notice of the commission's action.

- (b) An owner licensee or an affiliate of the owner licensee shall not employ, without prior approval of the commission, any person in any capacity for which he or she is required to be licensed, if the person has been denied a license, or if his or her license has been suspended or revoked after the date of receipt of notice of the action by the commission. Neither an owner licensee, nor a California affiliate of an owner licensee, without prior approval of the commission, shall enter into any contract or agreement with a person whose application has been withdrawn with prejudice, or with any business enterprise under the control of that person, for the period of time during which the person is prohibited from filing a new application for licensure.
- (1) If an employee who is required to be licensed pursuant to this chapter fails to apply for a license within the time specified by regulation, is denied a license, or has his or her license revoked by the commission, the employee shall be terminated in any capacity in which he or she is required to be licensed and he or she shall not be permitted to exercise a significant influence over the gambling operation, or any part thereof, upon being notified of that action.
 - (2) If an employee who is required to be licensed pursuant to this chapter has his or her license suspended, the employee shall be suspended in any capacity in which he or she is required to be licensed and shall not be permitted to exercise a significant influence over the gambling operation, or any part thereof, during the period of suspension, upon being notified of that action.
 - (3) If the owner licensee designates another employee to replace the employee whose employment was terminated, the owner licensee shall promptly notify the **division department** and shall require the newly designated employee to apply for a license.
- (d) An owner licensee or an affiliate of the owner licensee shall not pay to a person whose employment has been terminated pursuant to subdivision (c) any remuneration for any service performed in any capacity in which the person is required to be licensed except for amounts due for services rendered before the date of receipt of notice of the commission's action. Neither an owner licensee, nor an affiliate thereof, during the period of suspension, shall pay to a person whose employment has been suspended pursuant to subdivision (c), any remuneration for any service performed in any capacity in which the person is required to be licensed, except for amounts due for services rendered before the date of receipt of notice of the commission's action.
- (e) Except as provided in subdivision (c), a contract or agreement for the provision of services or property to an owner licensee or an affiliate thereof, or for the conduct of any activity at a gambling establishment, which is to be performed by a person required by this chapter or by regulations adopted pursuant to this chapter, to be licensed, shall be terminated upon a suspension or revocation of the person's license.
- (f) In any case in which a contract or agreement for the provision of services or property to an owner licensee or an affiliate thereof, or for the conduct of any activity at a gambling establishment, is to be performed by a person required by this chapter or by regulations

adopted by the commission to be licensed, the contract shall be deemed to include a provision for its determination without liability on the part of the owner licensee or its duly registered holding company upon a suspension or revocation of the person's license. In any action brought by the ~~division~~ department or commission to terminate a contract pursuant to subdivision (c) or (e), it shall not be a defense that the agreement does not expressly include the provision described in this subdivision, and the lack of express inclusion of the provision in the agreement shall not be a basis for enforcement of the contract by a party thereto.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19879. License Application Denial; Interest in Business Entity

With regard to a person who has had his or her application for a license denied by the commission, all of the following shall apply:

- (a) Except as provided in subdivision (c), the person shall not be entitled to profit from his or her investment in any business entity that has applied for or been granted a state license.
- (b) The person shall not retain his or her interest in a business entity described in subdivision (a) beyond that period prescribed by the commission.
- (c) The person shall not accept more for his or her interest in a business entity described in subdivision (a) than he or she paid for it, or the market value on the date of the denial of the license or registration, whichever is higher.
- (d) Nothing in this section shall be construed as a restriction or limitation on the powers of the commission specified in this chapter.

Article 5. Licensing of Corporations

***19880. Eligibility Requirements**

19881. Articles of Incorporation; Purposes to Include Conduct of Controlled Gambling; Commission Approval

***19881.5 Articles of Incorporation; Statements of Limited Partnership; Entity Filings**

***19882.** Owner of Security; License Denial; Sale of Security; Violation; Statement on Security

***19883.** Individual License; Application Period; Removal or Suspension of Officer or Director; Shareholders; Failure to Apply

Article 5. LICENSING OF CORPORATIONS

19880. Eligibility Requirements

In addition to the requirements of Section 19852, in order to be eligible to receive a gambling license as the owner of a gambling enterprise, a corporation shall comply with all of the following requirements:

- (a) Maintain an office of the corporation in the gambling establishment.
- (b) Comply with all of the requirements of the laws of this state pertaining to corporations.
- (c) Maintain, in the corporation's principal office in California or in the gambling establishment, a ledger that meets both of the following conditions:
 - (1) At all times reflects the ownership of record of every class of security issued by the corporation.
 - (2) Is available for inspection by the ~~division~~ department at all reasonable times without notice.
- (d) Register as a corporation with the ~~division~~ department and supply the following supplemental information to the ~~division~~ department:
 - (1) The organization, financial structure, and nature of the business to be operated, including the names, personal and criminal history, and fingerprints of all officers, directors, and key employees, and the names, addresses, and number of shares held by all stockholders of record.
 - (2) The rights and privileges acquired by the holders of different classes of authorized securities, including debentures.
 - (3) The terms on which securities are to be offered.
 - (4) The terms and conditions on all outstanding loans, mortgages, trust deeds, pledges, or any other indebtedness or security device.
 - (5) The extent of the equity security holdings in the corporation of all officers, directors, and underwriters, and their remuneration as compensation for services, in the form of salary, wages, fees, or otherwise.
 - (6) The amount of remuneration to persons other than directors and officers in excess of

fifty thousand dollars (\$50,000) per annum.

- (7) Bonus and profit-sharing arrangements.
- (8) Management and service contracts.
- (9) Options existing, or to be created, in respect of their securities or other interests.
- (10) Financial statements for at least three fiscal years preceding the year of registration, or, if the corporation has not been in existence for a period of three years, financial statements from the date of its formation. All financial statements shall be prepared in accordance with generally accepted accounting principles and audited by a licensee of the California Board of Accountancy.
- (11) Any further financial data that the ~~division~~ department, with the approval of the commission, may deem necessary or appropriate for the protection of the state.
- (12) An annual profit-and-loss statement and an annual balance sheet, and a copy of its annual federal income tax return, within 30 calendar days after that return is filed with the Internal Revenue Service.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19881. Articles of Incorporation; Purposes to Include Conduct of Controlled Gambling; Commission Approval

- (a) No corporation is eligible to receive a license to own a gambling enterprise unless the conduct of controlled gambling is among the purposes stated in its articles of incorporation and the articles of incorporation have been submitted to and approved by the commission.
- (b) The Secretary of State shall not accept for filing any articles of incorporation of any corporation that include as a stated purpose the conduct of controlled gambling, or any amendment thereto, or any amendment that adds this purpose to articles of incorporation already filed, unless the articles have, or amendment has, been approved by the commission.

19881.5 Articles of Incorporation; Statements of Limited Partnership; Entity Filings

The commission may delegate to staff the approval of articles of incorporation, statements of limited partnership, and other entity filings that are required to specifically state that gambling is one of the purposes for which the business entity is formed.

(Amended by AB 356 (Mendoza), Chapter 493, Statutes of 2007)

19882. Owner of Security; License Denial; Sale of Security; Violation; Statement on Security

- (a) If at any time the commission denies a license to an individual owner of any security issued by a corporation that applies for or holds an owner license, the owner of the security shall immediately offer the security to the issuing corporation for purchase. The corporation shall purchase the security so offered, for cash in an amount not greater than fair market value, within 30 calendar days after the date of the offer.

- (b) Beginning upon the date when the **division department** serves notice of the denial upon the corporation, it is unlawful for the denied security owner to do any of the following:
- (1) Receive any dividend or interest upon any security described in subdivision (a).
 - (2) Exercise, directly or through any trustee or nominee, any voting right conferred by any security described in subdivision (a).
 - (3) Receive any remuneration in any form from the corporation for services rendered or for any other purpose.
- (c) Every security issued by a corporate owner licensee shall bear a statement, on both sides of the certificate evidencing the security, of the restrictions imposed by this section.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19883. Individual License; Application Period; Removal or Suspension of Officer or Director; Shareholders; Failure to Apply

- (a) To the extent required by this chapter, officers and directors, shareholders, lenders, holders of evidence of indebtedness, underwriters, agents, or employees of a corporate owner licensee shall be licensed individually. The corporation shall require these persons to apply for a gambling license, and shall notify the **division department** of every change of corporate officers, directors, or key employees within 10 business days after the change. An officer, director, or key employee who is required to apply for a license shall apply for the license within 30 calendar days after he or she becomes an officer, director, or key employee.
- (b) The corporation shall immediately remove any officer or director required to apply for a license from any office or directorship if any of the following apply to that officer or director:
- (1) He or she fails to apply for the license within 30 calendar days after becoming an officer or director.
 - (2) He or she is denied a license.
 - (3) His or her license is revoked.
- (c) If the license of any officer or director is suspended, the corporation, immediately and for the duration of the suspension, shall suspend that officer or director.
- (d) If any shareholder who is required to apply for a gambling license fails to apply for the license within the time required, the shareholder shall be deemed to have been denied a license for purposes of subdivision (b) of Section 19882.
- (e) If any person, other than an officer, director, or shareholder, who is required to apply for a gambling license fails to do so, the failure may be deemed to be a failure of the corporate owner licensee to require the application.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

Article 6. Licensing of Limited Partnerships

***19890. Eligibility Requirements**

- 19891.** Certificate of Limited Partnership; Purposes to Include Conduct of Gambling
- 19892.** Approval of Sale or Transfer of Interest; License Denial to Interest Owner; Return of Capital Account Amount; Violation; Statement on Certificate
- 19893.** Individual Licenses; Application Period

Article 6. LICENSING OF LIMITED PARTNERSHIPS

19890. Eligibility Requirements

In addition to the requirements of Section 19852, in order to be eligible to receive a gambling license to own a gambling enterprise, a limited partnership shall comply with all of the following requirements:

- (a) Be formed under the laws of this state.
- (b) Maintain an office of the limited partnership in the gambling establishment.
- (c) Comply with all of the requirements of the laws of this state pertaining to limited partnerships.
- (d) Maintain a ledger in the principal office of the limited partnership in California that shall meet both of the following conditions:
 - (1) At all times reflects the ownership of all interests in the limited partnership.
 - (2) Be available for inspection by the ~~division~~ department at all reasonable times without notice.
- (e) Register with the ~~division~~ department and supply the following supplemental information to the ~~division~~ department:
 - (1) The organization, financial structure, and nature of the business to be operated, including the names, personal history, and fingerprints of all general partners and key employees, and the name, address, and interest of each limited partner.
 - (2) The rights, privileges, and relative priorities of limited partners as to the return of contributions to capital, and the right to receive income.
 - (3) The terms on which limited partnership interests are to be offered.
 - (4) The terms and conditions on all outstanding loans, mortgages, trust deeds, pledges, or any other indebtedness or security device.
 - (5) The extent of the holding in the limited partnership of all underwriters, and their remuneration as compensation for services, in the form of salary, wages, fees, or otherwise.
 - (6) The remuneration to persons other than general partners in excess of fifty thousand dollars (\$50,000) per annum.
 - (7) Bonus and profit-sharing arrangements.

- (8) Management and service contracts.
- (9) Options existing or to be created.
- (10) Financial statements for at least three fiscal years preceding the year of registration, or, if the limited partnership has not been in existence for a period of three years, financial statements from the date of its formation. All financial statements shall be prepared in accordance with generally accepted accounting principles and audited by a licensee of the California Board of Accountancy in accordance with generally accepted auditing standards.
- (11) Any further financial data that the ~~division~~ department reasonably deems necessary or appropriate for the protection of the state.
- (12) An annual profit and loss statement and an annual balance sheet, and a copy of its annual federal income tax return, within 30 calendar days after the return is filed with the Internal Revenue Service.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19891. Certificate of Limited Partnership; Purposes to Include Conduct of Gambling

No limited partnership is eligible to receive a license to own a gambling enterprise unless the conduct of gambling is among the purposes stated in the certificate of limited partnership.

19892a. Approval of Sale or Transfer of Interest; License Denial to Interest Owner; Return of Capital Account Amount; Violation; Statement on Certificate

- (a) The purported sale, assignment, transfer, pledge, or other disposition of any interest in a limited partnership that holds a gambling license, or the grant of an option to purchase the interest, is void unless approved in advance by the commission.
- (b) If at any time the commission denies a license to an individual owner of any interest described in subdivision (a), the commission shall immediately notify the partnership of that fact. The limited partnership, within 30 calendar days from the date it receives the notice from the commission, shall return to the denied owner of the interest, in cash, the amount of his or her capital account as reflected on the books of the partnership.
- (c) Beginning upon the date when the commission serves a notice of denial upon the limited partnership, it is unlawful for the denied owner of the interest to do any of the following:
 - (1) Receive any share of the revenue or interest upon the limited partnership interest.
 - (2) Exercise, directly or through any trustee or nominee, any voting right conferred by that interest.
 - (3) Receive any remuneration in any form from the limited partnership, for services rendered or for any other purpose.
- (d) Every certificate of limited partnership of any limited partnership holding a gambling license shall contain a statement of the restrictions imposed by this section

19893. Individual Licenses; Application Period

To the extent required by this chapter, general partners, limited partners, lenders, holders of evidence of indebtedness, underwriters, agents, or employees of a limited partnership that holds or applies for a license to own a gambling enterprise shall be licensed individually. The limited partnership shall require these persons to apply for and obtain a gambling license. A person who is required to be licensed by this section as a general or limited partner shall not hold that position until he or she secures the required approval of the commission. A person who is required to be licensed pursuant to a decision of the commission shall apply for a license within 30 days after the commission requests him or her to do so.

Article 7. Restrictions on Certain Transactions

***19900. Enforcement of Security Interests; Regulations; Compliance and Approval**

- 19901.** Agreements with Licensee in Accordance with Regulations; Violation
- 19902.** Contract to Sell or Lease Property or Interest in Property; Commission Approval of Licensing of Purchaser or Lessee; Contract Provision; Closing Date
- 19903.** Individual Licenses; Application Period
- 19904.** Disposition of or Option to Purchase Security; Void Unless Approved

***19905. Extension or Redemption of Credit; Payment, Receipt, or Transfer of Monetary Instruments; Regulations; Records; Report**

Article 7. RESTRICTIONS ON CERTAIN TRANSACTIONS

19900. Enforcement of Security Interests; Regulations; Compliance and Approval

- (a) Except as may be provided by regulation of the **division department**, the following security interests shall not be enforced without the prior approval of the commission and compliance with regulations adopted pursuant to subdivision (b):
- (1) In a security issued by a corporation that is a holder of a gambling license in this state.
 - (2) In a security issued by a holding company that is not a publicly traded corporation.
 - (3) In a security issued by a partnership that is a holder of a gambling license in this state.
- (b) The **division department** shall adopt regulations establishing the procedure for the enforcement of a security interest. Any remedy provided by the regulations for the enforcement of the security interest is in addition to any other remedy provided by law.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19901. Agreements with Licensee in Accordance with Regulations; Violation

It is unlawful for any person to sell, purchase, lease, hypothecate, borrow or loan money, or create a voting trust agreement or any other agreement of any sort to, or with, any licensee in connection with any controlled gambling operation licensed under this chapter or with respect to any portion of the gambling operation, except in accordance with the regulations of the commission.

19902. Contract to Sell or Lease Property or Interest in Property; Commission Approval of Licensing of Purchaser or Lessee; Contract Provision; Closing Date

When any person contracts to sell or lease any property or interest in property, real or personal, under circumstances that require the approval or licensing of the purchaser or lessee by the commission pursuant to subdivision (a) of Section 19853, the contract shall not specify a closing date for the transaction that is earlier than the expiration of 90 calendar days after the submission of the completed application for approval for licensing. Any provision of a contract that specifies an earlier closing date is void for all purposes, but the invalidity does not affect the validity of any other provision of the contract.

19903. Individual Licenses; Application Period

When any person contracts to sell or lease any property or interest in property, real or personal, under circumstances that require the approval or licensing of the purchaser or lessee by the commission pursuant to subdivision (a) of Section 19853, the contract shall contain a provision satisfactory to the commission regarding responsibility for the payment of any fees due pursuant to any subsequent deficiency determinations made under this chapter that shall encompass any period of time before the closing date of the transaction.

19904. Disposition of or Option to Purchase Security; Void Unless Approved

The purported sale, assignment, transfer, pledge, or other disposition of any security issued by a corporation that holds a gambling license, or the grant of an option to purchase that security, is void unless approved in advance by the commission.

19905. Extension or Redemption of Credit; Payment, Receipt, or Transfer of Monetary Instruments; Regulations; Records; Report

Every owner licensee that is involved in a transaction for the extension or redemption of credit by the licensee, or for the payment, receipt, or transfer of coin, currency, or other monetary instruments, as specified by the commission, in an amount, denomination, or amount and denomination, or under circumstances prescribed by regulations, and any other participant in the transaction, as specified by the commission, shall, if required by regulation, make and retain a record of, or file with the ~~division~~ department a report on, the transaction, at the time and in the manner prescribed by regulations.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

Article 8. Work Permits

***19910. Legislative Findings**

19911. Eligibility; Age; Issuance of Permit

***19912.** Gambling Enterprise Employee or Independent Agent; Work Permit Application; Issuance or Denial; Procedures

19913. Order of Summary Suspension; Content; Hearing

***19914.** Revocation of Permit; Grounds; Hearing

19915. Fee

Article 8. WORK PERMITS

19910. Legislative Findings

The Legislature finds that to protect and promote the health, safety, good order, and general welfare of the inhabitants of this state, and to carry out the policy declared by this chapter, it is necessary that the ~~division~~ department ascertain and keep itself informed of the identity, prior activities, and present location of all gambling enterprise employees and independent agents in the State of California, and when appropriate to do so, recommend to the commission for approval persons for employment in gambling establishments as provided in this article.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19911. Eligibility; Age; Issuance of Permit

No person under the age of 21 years shall be eligible for a work permit and no permit shall be issued to a person under the age of 21 years.

19912. Gambling Enterprise Employee or Independent Agent; Work Permit Application; Issuance or Denial; Procedures

(a) (1) A person shall not be employed as a gambling enterprise employee, or serve as an independent agent, except as provided in paragraph (2), unless he or she is the holder of one of the following:

(A) A valid work permit issued in accordance with the applicable ordinance or regulations of the county, city, or city and county in which his or her duties are performed.

(B) A work permit issued by the commission pursuant to regulations adopted by the commission for the issuance and renewal of work permits. A work permit issued by the commission shall be valid for two years.

(2) An independent agent is not required to hold a work permit if he or she is not a resident of

this state and has registered with the ~~division~~ department in accordance with regulations.

- (b) A work permit shall not be issued by any city, county, or city and county to any person who would be disqualified from holding a state gambling license for the reasons specified in subdivisions (a) to (g), inclusive, of Section 19859.
- (c) The ~~division~~ department may object to the issuance of a work permit by a city, county, or city and county for any cause deemed reasonable by the ~~division~~ department, and if the ~~division~~ department objects to issuance of a work permit, the work permit shall be denied.
 - (1) The commission shall adopt regulations specifying particular grounds for objection to issuance of, or refusal to issue, a work permit.
 - (2) The ordinance of any city, county, or city and county relating to issuance of work permits shall permit the ~~division~~ department to object to the issuance of any permit.
 - (3) Any person whose application for a work permit has been denied because of an objection by the ~~division~~ department may apply to the commission for an evidentiary hearing in accordance with regulations.
- (d) Application for a work permit for use in any jurisdiction where a locally issued work permit is not required by the licensing authority of a city, county, or city and county shall be made to the commission, and may be granted or denied for any cause deemed reasonable by the commission. If the commission denies the application, it shall include in its notice of denial a statement of facts upon which it relied in denying the application. Upon receipt of an application for a work permit, the commission may issue a temporary work permit for a period not to exceed 120 days, pending completion of the background investigation by the ~~division~~ department and official action by the commission with respect to the work permit application.
- (e) An order of the commission denying an application for a work permit, including an order declining to issue a work permit following review pursuant to paragraph (3) of subdivision (c), may be reviewed in accordance with subdivision (e) of Section 19870.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19913. Order of Summary Suspension; Content; Hearing

- (a) The commission may issue an order summarily suspending a person's work permit, whether issued by a city, county, or city and county, or by the commission, upon a finding that the suspension is necessary for the immediate preservation of the public peace, health, safety, or general welfare. The order is effective when served upon the holder of the permit.
- (b) The order of summary suspension shall state facts upon which the finding of necessity for the suspension is based. For the purposes of this section, the order of summary suspension shall be deemed an accusation.
- (c) An order of summary suspension shall be signed by at least three members of the commission.

- (d) The person whose work permit is summarily suspended has a right to a hearing to commence not more than 30 calendar days from the date of service of the suspension.

19914. Revocation of Permit; Grounds; Hearing

- (a) The commission may revoke a work permit or, if issued by the licensing authority of a city, county, or city and county, notify the authority to revoke it, and the licensing authority shall revoke it, if the commission finds, after a hearing, that a gambling enterprise employee or independent agent has failed to disclose, misstated, or otherwise misled the ~~division~~ department or the commission with respect to any fact contained in any application for a work permit, or if the commission finds that the employee or independent agent, subsequent to being issued a work permit, has done any of the following:
- (1) Committed, attempted, or conspired to do any acts prohibited by this chapter.
 - (2) Engaged in any dishonest, fraudulent, or unfairly deceptive activities in connection with controlled gambling, or knowingly possessed or permitted to remain in or upon any premises any cards, dice, mechanical devices, or any other cheating device.
 - (3) Concealed or refused to disclose any material fact in any investigation by the ~~division~~ department.
 - (4) Committed, attempted, or conspired to commit, any embezzlement or larceny against a gambling licensee or upon the premises of a gambling establishment.
 - (5) Been convicted in any jurisdiction of any offense involving or relating to gambling.
 - (6) Accepted employment without prior commission approval in a position for which he or she could be required to be licensed under this chapter after having been denied a license or after failing to apply for licensing when requested to do so by the commission.
 - (7) Been refused the issuance of any license, permit, or approval to engage in or be involved with gambling or parimutuel wagering in any jurisdiction, or had the license, permit, or approval revoked or suspended.
 - (8) Been prohibited under color of governmental authority from being present upon the premises of any licensed gambling establishment or any establishment where parimutuel wagering is conducted, for any reason relating to improper gambling activities or any illegal act.
 - (9) Been convicted of any felony.
- (b) The commission shall revoke a work permit if it finds, after hearing, that the holder thereof would be disqualified from holding a state gambling license for the reasons specified in subdivision (f) or (g) of Section 19859.
- (c) Nothing in this section shall be construed to limit any powers of the commission with respect to licensing.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19915. Fee

The fee for a work permit issued by the commission shall be not less than twenty-five dollars (\$25) or more than two hundred fifty dollars (\$250).

Article 9. Conditions of Operation

- 19920.** Operation to Protect Public Health, Safety, and General Welfare; Disciplinary Action
- 19921.** Persons Under 21; Areas of Access in a Gambling Establishment; Entrance; License Renewal
- 19922.** Gambling Enterprise Operation in Violation of Chapter Provisions or Regulations
- 19923.** Gambling Enterprise Operation in Violation of Local Ordinance
- 19924.** Security Controls; Approval of Commission

Article 9. CONDITIONS OF OPERATION

19920. Operation to Protect Public Health, Safety, and General Welfare; Disciplinary Action

It is the policy of the State of California to require that all establishments wherein controlled gambling is conducted in this state be operated in a manner suitable to protect the public health, safety, and general welfare of the residents of the state. The responsibility for the employment and maintenance of suitable methods of operation rests with the owner licensee, and willful or persistent use or toleration of methods of operation deemed unsuitable by the commission or by local government shall constitute grounds for license revocation or other disciplinary action.

19921. Persons Under 21; Areas of Access in a Gambling Establishment; Entrance; License Renewal

No person under the age of 21 years shall be permitted to enter upon the premises of a licensed gambling establishment, or any part thereof, except the following:

(a) An area, physically separated from any gambling area, for the exclusive purpose of dining. For purposes of this subdivision, any place wherein food or beverages are dispensed primarily by vending machines shall not constitute a place for dining.

(b) Restrooms.

(c) A supervised room, as defined by regulation, that is physically separated from any gambling area and used primarily for the purpose of entertainment or recreation. Any area of a gambling establishment to which a person under the age of 21 years may have access under this subdivision shall have an entrance that shall not require the entrants to enter upon or pass through the gambling floor. All persons under the age of 21 years shall be restricted to the entrance specified in this subdivision.

19922. Gambling Enterprise Operation in Violation of Chapter Provisions or Regulations

No owner licensee shall operate a gambling enterprise in violation of any provision of this chapter or any regulation adopted pursuant to this chapter.

19923. Gambling Enterprise Operation in Violation of Local Ordinance

No owner licensee shall operate a gambling enterprise in violation of any governing local ordinance.

19924. Security Controls; Approval of Commission

Each owner licensee shall maintain security controls over the gambling premises and all operations therein related to gambling, and those security controls are subject to the approval of the commission.

Article 10. Disciplinary Actions

***19930.** Investigations; License, Permit, Finding, or Approval Suspension or Revocation; Accusation; Fines or Penalties; Cost Recovery

***19931.** Emergency Orders; Grounds; Action; Period of Effectiveness; Accusation; Hearing

***19932.** Judicial Review; Stay; Abuse of Discretion; Denial or Issuance of Alternative Writ; Exclusive Method of Review

Article 10. DISCIPLINARY ACTIONS

19930. Investigations; License, Permit, Finding, or Approval Suspension or Revocation; Accusation; Fines or Penalties; Cost Recovery

(a) The **division department** shall make appropriate investigations as follows:

- (1) Determine whether there has been any violation of this chapter or any regulations adopted thereunder.
- (2) Determine any facts, conditions, practices, or matters that it may deem necessary or proper to aid in the enforcement of this chapter or any regulation adopted thereunder.
- (3) To aid in adopting regulations.
- (4) To secure information as a basis for recommending legislation relating to this chapter.

(b) If, after any investigation, the **division department** is satisfied that a license, permit, finding of suitability, or approval should be suspended or revoked, it shall file an accusation with the commission in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) In addition to any action that the commission may take against a license, permit, finding of suitability, or approval, the commission may also require the payment of fines or penalties. However, no fine imposed shall exceed twenty thousand dollars (\$20,000) for each separate violation of any provision of this chapter or any regulation adopted thereunder.

(d) In any case in which the administrative law judge recommends that the commission revoke, suspend, or deny a license, the administrative law judge may, upon presentation of suitable proof, order the licensee or applicant for a license to pay the **division department** the reasonable costs of the investigation and prosecution of the case.

- (1) The costs assessed pursuant to this subdivision shall be fixed by the administrative law judge and may not be increased by the commission. When the commission does not adopt a proposed decision and remands the case to the administrative law judge, the administrative law judge may not increase the amount of any costs assessed in the proposed decision.
- (2) The **division department** may enforce the order for payment in the superior court in the county in which the administrative hearing was held. The right of

enforcement shall be in addition to any other rights that the division department may have as to any licensee directed to pay costs.

- (3) In any judicial action for the recovery of costs, proof of the commission's decision shall be conclusive proof of the validity of the order of payment and the terms for payment.
- (e) Notwithstanding any other provision of law, all costs recovered under this section shall be deposited in the fines and penalties account, a special account described in subdivision (a) of Section 19950.
- (f) For purposes of this section, "costs" include costs incurred for any of the following:
 - (1) The investigation of the case by the division department.
 - (2) The preparation and prosecution of the case by the Office of the Attorney General.

**19931. Emergency Orders; Grounds; Action; Period of Effectiveness;
 Accusation; Hearing**

- (a) The division department may issue any emergency orders against an owner licensee or any person involved in a transaction requiring prior approval that the division department deems reasonably necessary for the immediate preservation of the public peace, health, safety, or general welfare.
- (b) The emergency order shall set forth the grounds upon which it is based, including a statement of facts constituting the alleged emergency necessitating the action.
- (c) The emergency order is effective immediately upon issuance and service upon the owner licensee or any agent of the licensee registered with the division department for receipt of service, or, in cases involving prior approval, upon issuance and service upon the person or entity involved, or upon an agent of that person or entity authorized to accept service of process in this state. The emergency order may suspend, limit, condition, or take other action in relation to the license of one or more persons in an operation without affecting other individual licensees, registrants, or the licensed gambling establishment. The emergency order remains effective until further order of the commission or final disposition of any proceeding conducted pursuant to subdivision (d).
- (d) Within two calendar days after issuance of an emergency order, the division department shall file an accusation with the commission against the person or entity involved. Thereafter, the person or entity against whom the emergency order has been issued and served is entitled to a hearing which, if so requested, shall commence within 10 business days of the date of the request if a gambling operation is closed by the order, and in all other cases, within 30 calendar days of the date of the request. On application of the division department, and for good cause shown, a court may extend the time within which a hearing is required to be commenced, upon those terms and conditions that the court deems equitable.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19932. Judicial Review; Stay; Abuse of Discretion; Denial or Issuance of Alternative Writ; Exclusive Method of Review

- (a) Any person aggrieved by a final decision or order of the commission that limits, conditions, suspends, or revokes any previously granted license or approval, made after hearing by the commission, may petition the Superior Court for the County of Sacramento for judicial review pursuant to Section 1094.5 of the Code of Civil Procedure and Section 11523 of the Government Code. Notwithstanding any other provision of law, the standard set forth in paragraph (1) of subdivision (h) of Section 1094.5 of the Code of Civil Procedure shall apply for obtaining a stay of the operation of a final decision or order of the commission. In every case where it is claimed that the findings are not supported by the evidence, abuse of discretion is established if the court determines that the findings are not supported by substantial evidence in light of the whole record.
- (b) The court may summarily deny the petition, or the court may issue an alternative writ directing the commission to certify the whole record of the division department in the case to the court within a time specified. No new or additional evidence shall be introduced in the court, but, if an alternative writ issues, the cause shall be heard on the whole record of the division department as certified by the commission.
- (c) In determining the cause following issuance of an alternative writ, the court shall enter judgment affirming, modifying, or reversing the order of the commission, or the court may remand the case for further proceedings before, or reconsideration by, the commission.
- (d) Except as otherwise provided in Section 19870 and subdivision (e) in Section 19912, this section provides the exclusive means to review adjudicatory decisions of the commission.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

Article 11. Penalties

19940. List of Persons to be Excluded or Ejected from Establishment; Violation on Entry

19941. Persons Under 21; Violations; Defense

19942. License Fees; Violation; General Penalty

19943. Failure to Comply with Regulations Adopted Pursuant to Section 19841(d); Violations; Application

***19944.** Interference with Performance of Duties; Violation

Article 11. PENALTIES

19940. List of Persons to be Excluded or Ejected from Establishment; Violation on Entry

Any person included on the list of persons to be excluded or ejected from a gambling establishment pursuant to this chapter is guilty of a misdemeanor if he or she thereafter knowingly enters the premises of a licensed gambling establishment.

19941. Persons Under 21; Violations; Defense

(a) A person under the age of 21 years shall not do any of the following:

- (1) Play, be allowed to play, place wagers at, or collect winnings from, whether personally or through an agent, any gambling game.
- (2) Loiter, or be permitted to loiter, in or about any room wherein any gambling game is operated or conducted.
- (3) Be employed as an employee in a licensed gambling establishment except in a parking lot, coffee shop, restaurant, business office, or other similar room, as determined by regulations, wherein no gambling activity or activity directly associated with gambling takes place.
- (4) Present or offer to any licensee, or to an agent of a licensee, any written, printed, or photostatic evidence of age and identity that is false, fraudulent, or not actually his or her own for the purpose of doing any of the things described in paragraphs (1) to (3), inclusive.

(b) Any licensee or employee in a gambling establishment who violates or permits the violation of this section, and any person under 21 years of age who violates this section, is guilty of a misdemeanor.

(c) Proof that a licensee, or agent or employee of a licensee, demanded, was shown, and acted in reliance upon bona fide evidence of age and identity shall be a defense to any criminal prosecution under this section or to any proceeding for the suspension or revocation of any license or work permit based thereon. For the purposes of this section, "bona fide evidence of age and identity" means a document issued by a federal, state, county, or municipal government, or subdivision or agency thereof, including, but not limited to, a motor vehicle operator's license or an identification card issued to a member of the armed forces, that contains the name, date of birth, description, and picture of the person.

19942. License Fees; Violation; General Penalty

- (a) Any person who willfully fails to report, pay, or truthfully account for and pay over any license fee imposed by this chapter, or who willfully attempts in any manner to evade or defeat the license fee or payment thereof, shall be punished by imprisonment in a county jail, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine.
- (b) Any person who willfully violates any of the provisions of this chapter for which a penalty is not expressly provided, is guilty of a misdemeanor.

19943.Failure to Comply with Regulations Adopted Pursuant to Section 19841(d); Violations; Application

- (a) Except as specified in subdivision (c), this section applies to any person or business that is engaged in controlled gambling, whether or not licensed to do so.
- (b) Any person or business described in subdivision (a), with actual knowledge of the requirements of regulations adopted by the commission pursuant to subdivision (d) of Section 19841, that knowingly and willfully fails to comply with the requirements of those regulations shall be liable for a monetary penalty. The commission may impose a monetary penalty for each violation. However, in the first proceeding that is initiated pursuant to this subdivision, the penalties for all violations shall not exceed a total sum of ten thousand dollars (\$10,000). If a penalty was imposed in a prior proceeding before the commission, the penalties for all violations shall not exceed a total sum of twenty-five thousand dollars (\$25,000). If a penalty was imposed in two or more prior proceedings before the commission, the penalties for all violations shall not exceed a total sum of one hundred thousand dollars (\$100,000).
- (c) This section does not apply to any case where the person is criminally prosecuted in federal or state court for conduct related to a violation of Section 14162 of the Penal Code.

19944. Interference with Performance of Duties; Violation

Any person who willfully resists, prevents, impedes, or interferes with the division department or the commission or any of their agents or employees in the performance of duties pursuant to this chapter is guilty of a misdemeanor, punishable by imprisonment in a county jail for not more than six months, by a fine not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

Article 12. Revenues

***19950.** Disposition of Fines and Penalties to Special Account in General Fund; Disposition of Other Fees and Revenue to Gambling Control Fund; Expenditures

***19951.** Fees

19952. Special License Fee; Excess Tables for Tournaments and Special Events

19953. License Tax; Imposition by City, County, or City and County

***19954.** Gambling Addiction Program Fund

Article 12. REVENUES

19950. Disposition of Fines and Penalties to Special Account in General Fund; Disposition of Other Fees and Revenue to Gambling Control Fund; Expenditures

- (a) All fines and penalties collected pursuant to this chapter shall be deposited in a special account in the General Fund, and, upon appropriation, may be expended by the Department of Justice to offset costs incurred pursuant to this chapter.
- (b) Except as otherwise provided in subdivision (a), all fees and revenue collected pursuant to this chapter shall be deposited in the Gambling Control Fund, which is hereby created in the State Treasury. The funds deposited in the Gambling Control Fund shall be available, upon appropriation by the Legislature, for expenditure by the division department and commission exclusively for the support of the division department and commission in carrying out their duties and responsibilities under this chapter.

19951. Fees

- (a) Every application for a license or approval shall be accompanied by a nonrefundable fee of five hundred dollars (\$500), the amount of which shall be adopted by regulation on or before January 1, 2009. The adopted fee shall not exceed one thousand two hundred dollars (\$1,200). Prior to adoption of the regulation, the nonrefundable application fee shall be five hundred dollars (\$500).
- (b) (1) Any fee paid pursuant to this section, including all licenses issued to key employees and other persons whose names are endorsed upon the license, shall be assessed against the gambling license issued to the owner of the gambling enterprise establishment. This paragraph shall not apply to key employee licenses issued on and after January 1, 2009, or the implementation of regulations establishing a personal key employee license adopted pursuant to Section 19854, whichever is sooner.

- (2) (A) The fee for initial issuance of a state gambling license shall be an amount determined by the division pursuant to the schedule in subdivision (c) commission in accordance with regulations adopted pursuant to this chapter.
- (B) The fee for the renewal of a state gambling license shall be determined pursuant to the schedule in subdivision (c) or the schedule in subdivision (d), whichever amount is greater.
- (C) The holder of a provisional license shall pay an annual fee pursuant to the schedule in subdivision (c).

(c) The schedule based on the number of tables is as follows:

- (1) For a license authorizing one to five tables, inclusive, at which games are played, three hundred dollars (\$300) for each table.
- (2) For a license authorizing six to eight tables, inclusive, at which games are played, five hundred fifty dollars (\$550) for each table.
- (3) For a license authorizing 9 to 14 tables, inclusive, at which games are played, one thousand three hundred (\$1,300) for each table.
- (4) For a license authorizing 15 to 25 tables, inclusive, at which games are played, two thousand seven hundred (\$2,700) for each table.
- (5) For a license authorizing 26 to 70 tables, inclusive, at which games are played, four thousand dollars (\$4,000) for each table.
- (6) For a license authorizing 71 or more tables at which games are played, four thousand seven hundred dollars (\$4,700) for each table.

(d) Without regard to the number of tables at which games may be played pursuant to a gambling license, if, at the time of any license renewal, or when a licensee is required to pay the fee described in subparagraph (C) of paragraph (2) of subdivision (b), it is determined that the gross revenues of an owner licensee during the licensee's previous fiscal year fell within the following ranges, the annual fee shall be as follows:

- (1) For a gross revenue of two hundred thousand dollars (\$200,000) to four hundred ninety-nine thousand nine hundred ninety-nine dollars (\$499,999), inclusive, the amount specified by the division department pursuant to paragraph (2) of subdivision (c).
- (2) For a gross revenue of five hundred thousand dollars (\$500,000) to one million nine hundred ninety-nine thousand nine hundred ninety-nine dollars (\$1,999,999), inclusive, the amount specified by the division department pursuant to paragraph (3) of subdivision (c).
- (3) For a gross revenue of two million dollars (\$2,000,000) to nine million nine hundred ninety-nine thousand nine hundred ninety-nine dollars (\$9,999,999), inclusive, the amount specified by the division department pursuant to paragraph (4) of subdivision (c).
- (4) For a gross revenue of ten million dollars (\$10,000,000) to twenty-nine million nine hundred ninety-nine thousand nine hundred ninety nine (\$29,999,999), the amount specified by the division department pursuant to paragraph (5) of subdivision (c).
- (5) For a gross revenue of thirty million dollars (\$30,000,000) or more, the amount specified by the division department pursuant to paragraph (6) of subdivision (c).

- (e) The commission may provide for payment of the annual gambling license fee on an annual or installment basis.
- (f) For the purposes of this section, each table at which a game is played constitutes a single game table.
- (g) It is the intent of the Legislature that the fees paid pursuant to this section are sufficient to enable the ~~division~~ **department** and the commission to fully carry out their duties and responsibilities under this chapter.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007 and SB 730 (Florez), Chapter 438, Statutes of 2007)

19952.Special License Fee; Excess Tables for Tournaments and Special Events

The commission, by regulation, shall establish fees for special licenses authorizing irregular operation of tables in excess of the total number of tables otherwise authorized to a licensed gambling establishment, for tournaments and other special events.

19953. License Tax; Imposition by City, County, or City and County

Nothing contained in this chapter shall be deemed to restrict or limit the power of any city, county, or city and county to fix, impose, and collect a license tax.

19954. Gambling Addiction Program Fund

In addition to those fees required pursuant to Section 19951, each licensee shall pay an additional one hundred dollars (\$100) for each table for which it is licensed to the Department of Alcohol and Drug Programs for deposit in the Gambling Addiction Program Fund, which is hereby established to benefit those who have a gambling addiction problem. These funds shall be made available, upon appropriation by the Legislature, to community-based organizations that directly provide aid and assistance to those persons with a gambling addiction problem.

Article 13. Local Governments

19960. Ordinances Not Inconsistent with Chapter; Issuance of Gambling License; Conditions

19961. Expansion of Gambling; Ordinance Amendment; Ballot Measure

***19961.1.** ~~Division~~Department Review of Ordinance Amendments

19962. Authorization and Expansion of Legal Gambling

***19963.** Limitations of Issuance of Gambling License

19964. Local License; Owner Licensee Qualification; Duty to Issue

Article 13. LOCAL GOVERNMENTS

19960.Ordinances Not Inconsistent with Chapter; Issuance of Gambling License; Conditions

This chapter shall not prohibit the enactment, amendment, or enforcement of any ordinance by any city, county, or city and county relating to licensed gambling establishments that is not inconsistent with this chapter. No city, county, or city and county shall issue a gambling license with respect to any gambling establishment unless one of the following is true:

- (a) The gambling establishment is located in a city, county, or city and county wherein, after January 1, 1984, an ordinance was adopted by the electors of the city, county, or city and county, in an election conducted pursuant to former Section 19819 of the Business and Professions Code, as that section read immediately before its repeal by the act that enacted this chapter.
- (b) The gambling establishment is located in a city, county, or city and county wherein, prior to January 1, 1984, there was in effect an ordinance that expressly authorized the operation of one or more cardrooms.
- (c) After the effective date of this chapter, a majority of the electors voting thereon affirmatively approve a measure permitting controlled gambling within that city, county, or city and county.
 - (1) The measure to permit controlled gambling shall appear on the ballot in substantially the following form: "Shall licensed gambling establishments in which any controlled games permitted by law, such as draw poker, low-ball poker, panguine (pan), seven-card stud, or other lawful card games or tile games, are played, be allowed in ____? Yes ____ No ____."
 - (2) In addition, the initial implementing ordinances shall be drafted and appear in full on the sample ballot and shall set forth at least all of the following:
 - (A) The hours of operation.
 - (B) The games to be played.
 - (C) The wagering limits.

- (D) The maximum number of gambling establishments permitted by the ordinance.
- (E) The maximum number of tables permitted in each gambling establishment.

(d) The authorization of subdivision (c) is subject to Sections 19962 and 19963 until those sections are repealed.

19961. Expansion of Gambling; Ordinance Amendment; Ballot Measure

- (a) (1) Except as provided in paragraph (2), on or after the effective date of this chapter, any amendment to any ordinance that would result in an expansion of gambling in the city, county, or city and county, shall not be valid unless the amendment is submitted for approval to the voters of the city, county, or city and county, and is approved by a majority of the electors voting thereon.
- (2) Notwithstanding paragraph (1) and Section 19962, an ordinance may be amended without the approval of the electors after the effective date of this chapter to expand gambling by a change that results in an increase of less than 25 percent with respect to any of the matters set forth in paragraphs (1), (2), (3), and (5) of subdivision (b). Thereafter, any additional expansion shall be approved by a majority of the electors voting thereon.
- (b) For the purposes of this article, "expansion of gambling" means, when compared to that authorized on January 1, 1996, or under an ordinance adopted pursuant to subdivision (a) of Section 19960, whichever is the lesser number, a change that results in any of the following:
 - (1) An increase of 25 percent or more in the number of gambling tables in the city, county, or city and county.
 - (2) An increase of 25 percent or more in the number of licensed card rooms in the city, county, or city and county.
 - (3) An increase of 25 percent or more in the number of gambling tables that may be operated in a gambling establishment in the city, county, or city and county.
 - (4) The authorization of any additional form of gambling, other than card games, that may be legally played in this state, to be played at a gambling establishment in the city, county, or city and county.
 - (5) An increase of 25 percent or more in the hours of operation of a gambling establishment in the city, county, or city and county.
- (c) The measure to expand gambling shall appear on the ballot in substantially the following form:
"Shall gambling be expanded in ____ beyond that operated or authorized on January 1, 1996, by ____ (describe expansion)? Yes ____ No ____."
- (d) The authorization of subdivision (c) is subject to Sections 19962 and 19963 until those sections are repealed.
- (e) Increasing the number of games offered in a gambling establishment does not constitute an expansion of gambling pursuant to this section.

- (f) No city, county, or city and county shall amend its ordinance in a cumulative manner to increase gambling by more than 25 percent for the factors listed in subdivision (b), when compared to that authorized on January 1, 1996, without conducting an election pursuant to this section.

19961.05 Additional Gambling Tables

Notwithstanding Sections 19961 and 19962, a city, county, or city and county may amend an ordinance to increase the number of gambling tables by two, or 24.99 percent, whichever is greater, compared to the ordinance that was in effect on January 1, 1996.

19961.1. ~~Division~~ Department Review of Ordinance Amendments

Any amendment to a city or county ordinance relating to gambling establishments, or the Gambling Control Act, shall be submitted to the ~~Division~~ department of Gambling Control for review and comment, before the ordinance is adopted by the city or county.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19962. Authorization and Expansion of Legal Gambling

[Text of section operative *until* January 1, 2010.]

- (a) On and after the effective date of this chapter, neither the governing body nor the electors of a county, city, or city and county that has not authorized legal gaming within its boundaries prior to January 1, 1996, shall authorize legal gaming.
- (b) An ordinance in effect on January 1, 1996, that authorizes legal gaming within a city, county, or city and county may not be amended to provide for an expansion of gambling, as defined in Section 19961, in that jurisdiction beyond that permitted on January 1, 1996.
- (c) Notwithstanding any other provision of law, a city, county, or city and county may amend its ordinance regarding wagering limits.
- (d) This section shall remain operative only until January 1, 2010, and as of that date is repealed.

19962. Authorization and Expansion of Legal Gambling

[Text of section operative January 1, 2010.]

- (a) On and after the effective date of this chapter, neither the governing body nor the electors of a county, city, or city and county that has not authorized legal gaming within its boundaries prior to January 1, 1996, shall authorize legal gaming.
- (b) An ordinance in effect on January 1, 1996, that authorizes legal gaming within a city, county, or city and county may not be amended to expand gaming in that jurisdiction beyond that permitted on January 1, 1996.

- (c) This section shall become operative on January 1, 2010.
- (d) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

19963. Limitations on Issuance of Gambling License

(a) In addition to any other limitations on the expansion of gambling imposed by Section 19962 or any provision of this chapter, the commission may not issue a gambling license for a gambling establishment that was not licensed to operate on December 31, 1999, unless an application to operate that establishment was on file with the ~~division~~ department prior to September 1, 2000.

(b) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19964. Local License; Owner Licensee Qualification; Duty to Issue

No city, county, or city and county may grant, or permit to continue in effect, a license to deal, operate, carry on, conduct, maintain, or expose for play any controlled game to any applicant or holder of a local license unless the applicant or local licensee is an owner licensee as defined in this chapter. However, the issuance of a state gambling license to a person imposes no requirements upon the city, county, or city and county to issue a license to the person.

Article 14. Miscellaneous Provisions

19970. Severability of Invalid Provision

19971. Construction of Act

19972. State Gambling License Issuance; Construction for Purposes of Civil Code section 3482

Article 14. MISCELLANEOUS PROVISIONS

19970. Severability of Invalid Provision

If any clause, sentence, paragraph, or part of this chapter, for any reason, is adjudged by a court of competent jurisdiction to be invalid, that judgment shall not affect, impair, or invalidate the remainder of this chapter and the application thereof to other persons or circumstances, but shall be confined to the operation of the clause, sentence, paragraph, or part thereof directly involved in the controversy in which the judgment was rendered and to the person or circumstances involved.

19971. Construction of Act

This act is an exercise of the police power of the state for the protection of the health, safety, and welfare of the people of the State of California, and shall be liberally construed to effectuate those purposes.

19972.State Gambling License Issuance; Construction for Purposes of Civil Code § 3482

For the purposes of Section 3482 of the Civil Code, the issuance of a state gambling license shall not be construed to authorize any conduct or activity other than the conduct of controlled gambling.

Article 15. Additional Restrictions Related to Fair Elections and Corruption of Regulators

19980. Legislative Findings and Declarations

***19981.** Termination of Office or Employment; Representation of Another Before Commission or ~~Division~~ Department; Commission Member Solicitation or Acceptance of Campaign Contributions

***19982.** Campaign Finance Disclosure of Contribution Limitations; Violations; Denial, Suspension, or Revocation of Application or Licensee; Procedures; Information Filing; Regulations

19983. Severability of Invalid Provision; Conflict or Inconsistency with Political Reform Act of 1974

Article 15. ADDITIONAL RESTRICTIONS RELATED TO FAIR ELECTIONS AND CORRUPTION OF REGULATORS

19980. Legislative Findings and Declarations

- (a) The Legislature finds and declares that there is a compelling governmental interest in ensuring that elections conducted pursuant to Section 19960 are conducted fairly and that electors in those elections are presented with fair and balanced arguments in support of and in opposition to the existence of gambling establishments. Large contributions by gambling operators or prospective gambling operators who will be financially interested in the outcome of the election often unfairly distort the context in which those elections take place.
- (b) In California, in other states, and in other countries, there is ample historical evidence of the potential for revenues derived from gambling to be used to corrupt political officials in the regulation or prosecution of crimes related to gambling activities, embezzlement, and money laundering.
- (c) This article is an exercise of the police power of the state for the protection of the health, safety, and welfare of the people of this state.

19981. Termination of Office or Employment; Representation of Another Before Commission or ~~Division~~ Department; Commission Member Solicitation or Acceptance of Campaign Contributions

- (a) A member of the commission, the executive director, the ~~director~~ chief, and any employee of the commission or ~~division~~ department designated by regulation, shall not, for a period of three years after leaving office or terminating employment, for compensation, act as agent or attorney for, or otherwise represent, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the ~~division~~ department, or any officer or employee thereof, if the appearance or communication is

for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval.

- (b) A member of the commission shall not solicit or accept campaign contributions from any person, including any applicant or licensee.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19982. Campaign Finance Disclosure of Contribution Limitations; Violations; Denial, Suspension, or Revocation of Application or Licensee; Procedures; Information Filing; Regulations

- (a) A license may be denied, suspended, or revoked if the applicant or licensee, within three years prior to the submission of the license or renewal application, or any time thereafter, violates any law or ordinance with respect to campaign finance disclosure or contribution limitations applicable to an election that is conducted pursuant to Section 19960, former Section 19950, or pursuant to former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter.
- (1) The remedies specified herein are in addition to any other remedy or penalty provided by law.
 - (2) Any final determination by the Fair Political Practices Commission that the applicant did not violate any provision of state law within its jurisdiction shall be binding on the commission.
 - (3) Any final determination by a city or county governmental body having ultimate jurisdiction over the matter that the applicant did not violate an ordinance with respect to campaign finance disclosure or contribution limitations applicable to an election conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, shall be binding on the commission.
- (b) Every applicant for a gambling license, or any renewal thereof, shall file with the division department, at the time the license application or renewal is filed, the following information:
- (1) Any statement or other document required to be filed with the Fair Political Practices Commission relative to an election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years of the date on which the application is submitted.
 - (2) Any statement or other document required to be filed with any local jurisdiction respecting campaign finance disclosure or contribution limitations applicable to an election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years of the date on which the application is submitted.
 - (3) A report of any contribution of money or thing of value, in excess of one hundred dollars (\$100), made to any committee, as defined by Section 82013 of the Government Code, associated with any election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years

of the date on which the application is submitted.

- (4) A report of any other significant involvement by the applicant or licensee in an election that is conducted pursuant to Section 19960, former Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, within three years of the date on which the application is submitted.

(c) The commission shall adopt regulations to implement this section.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19983. Severability of Invalid Provision; Conflict or Inconsistency with Political Reform Act of 1974

It is the intent of the Legislature that if any provision of this article is adjudged by a court to be invalid because of any conflict or inconsistency with the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code), as amended, that judgment shall not affect, impair, or invalidate any other provision of this chapter and the application thereof to other persons or circumstances, but shall be confined to the operation of the clause, sentence, paragraph, or part thereof directly involved in the controversy in which the judgment was rendered and to the person or circumstances involved.

Article 16. Additional Contracts: Proposition Players

***19984. Contracts for Providing Proposition Player Services**

Article 16. ADDITIONAL CONTRACTS: PROPOSITION PLAYERS

19984. Contracts for Providing Proposition Player Services

Notwithstanding any other provision of law, a licensed gambling establishment may contract with a third party for the purpose of providing proposition player services, subject to the following conditions:

- (a) Any agreement, contract, or arrangement between a gambling establishment and a third-party provider of proposition player services shall be approved in advance by the ~~division~~ department, and in no event shall a gambling establishment or the house have any interest, whether direct or indirect, in funds wagered, lost, or won.
- (b) The commission shall establish reasonable criteria for, and require the licensure and registration of, any person or entity that provides proposition player services to gambling establishments pursuant to this section, including owners, supervisors, and players. Those employed by a third-party provider of proposition player services, including owners, supervisors, observers, and players, shall wear a badge which clearly identifies them as proposition players whenever they are present within a gambling establishment. The commission may impose licensing requirements, disclosures, approvals, conditions, or limitations as it deems necessary to protect the integrity of controlled gambling in this state, and may assess and collect reasonable fees and deposits as necessary to defray the costs of providing this regulation and oversight.
- (c) The ~~division~~ department, pursuant to regulations of the commission, is empowered to perform background checks, financial audits, and other investigatory services as needed to assist the commission in regulating third party providers of proposition player services, and may assess and collect reasonable fees and deposits as necessary to defray the costs of providing this regulation and oversight. The ~~division~~ department may adopt emergency regulations in order to implement this subdivision.
- (d) No agreement or contract between a licensed gambling establishment and a third party concerning the provision of proposition player services shall be invalidated or prohibited by the ~~division~~ department pursuant to this section until the commission establishes criteria for, and makes determinations regarding the licensure or registration of, the provision of these services pursuant to subdivision (b).

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

Article 17. Nonprofit Organization Fundraisers

19985. Legislative Declarations

***19986.** Criteria for Nonprofit Organization Fundraisers

***19987.** Registration of Equipment Providers

Article 17. Nonprofit Organization Fundraisers

Section 19985. Legislative Declarations

The Legislature finds and declares the following:

- (a) Nonprofit organizations provide important and necessary services to the people of the State of California with respect to educational and social services and there is a need to provide methods of fundraising to nonprofit organizations so as to enable them to meet their stated purposes.
- (b) The playing of controlled games for the purpose of raising funds by nonprofit organizations is in the public interest.
- (c) Uniform regulation for the conduct of controlled games is in the best interests of nonprofit organizations and the people of this state.

19986. Criteria for Nonprofit Organization Fundraisers

- (a) Notwithstanding any other provision of state law a nonprofit organization may conduct a fundraiser using controlled games as a funding mechanism to further the purposes and mission of the nonprofit organization.
- (b) A nonprofit organization holding a fundraiser pursuant to subdivision (a) shall not conduct more than one fundraiser per calendar year, and each fundraiser shall not exceed five consecutive hours. Each fundraiser shall be preapproved by the ~~Division~~ **department of Gambling Control**. Eligible nonprofit organizations that have multiple chapters may hold one fundraiser per chapter per calendar year.
- (c) No cash prizes or wagers may be awarded to participants, however, the winner of each controlled game may be entitled to a prize from those donated to the fundraiser. An individual prize awarded to each winner shall not exceed a cash value of five hundred dollars (\$500). For each event, the total cash value of prizes awarded shall not exceed five thousand dollars (\$5,000).
- (d) At least 90 percent of the gross revenue from the fundraiser shall go directly to a nonprofit organization. Compensation shall not be paid from revenues required to go directly to the

nonprofit organization for the benefit of which the fundraiser is conducted, and no more than 10 percent of the gross receipts of a fundraiser may be paid as compensation to the preclude an eligible organization from using funds from sources other than the gross revenue of the fundraiser to pay for the administration or other costs of conducting the fundraiser.

- (e) An eligible nonprofit organization shall not conduct a fundraiser authorized by this section, unless it has been in existence and operation for at least three years and registers annually with the Division department of Gambling Control. The division department shall furnish a registration form on its Internet Web site or, upon request, to eligible nonprofit organizations. The division department shall, by regulation, collect only the information necessary pursuant to this section on this form. This information shall include, but is not limited to, the following:
 - (1) The name and address of the eligible organization.
 - (2) The federal tax identification number, the corporate number issued by the Secretary of State, the organization number issued by the Franchise Tax Board, or the California charitable trust identification number of the eligible organization.
 - (3) The name and title of a responsible fiduciary of the organization.
- (f) The division department shall adopt regulations necessary to effectuate this section, including emergency regulations, pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).
- (g) The nonprofit organization shall maintain records for each fundraiser using controlled games, which shall include:
 - (1) An itemized list of gross receipts for the fundraiser.
 - (2) An itemized list of recipients of the net profit of the fundraiser, including the name, address, and purpose for which fundraiser proceeds are to be used.
 - (3) The number of persons who participated in the fundraiser.
 - (4) An itemized list of the direct cost incurred for each fundraiser.
 - (5) A list of all prizes awarded during each fundraiser.
 - (6) The date, hours, and location for each fundraiser held.
- (h) As used in this article, “nonprofit organization” means an organization that has been qualified to conduct business in California for at least three years prior to conducting controlled games and is exempt from taxation pursuant to Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code.
- (i) The division department may take legal action against a registrant if it determines that the registrant has violated this section or any regulation adopted pursuant to this section, or that the registrant has engaged in any conduct that is not in the best interest of the public’s health, safety, or general welfare. Any action taken pursuant to this subdivision does not prohibit the commencement of an administrative or criminal action by the Attorney General, a district attorney, or county counsel.
- (j) The division department may require an eligible organization to pay an annual registration fee of up to one hundred dollars (\$100) per year to cover the actual costs of the division department to administer and enforce this section. The annual registration fees shall be

deposited by the ~~division~~ department into the Gambling Control Fund.

- (k) No fundraiser permitted under this section may be conducted by means of, or otherwise utilize, any gaming machine, apparatus, or device that meets the definition of a slot machine contained in Section 330b or 330.1 of the Penal Code.
- (l) No more than four fundraisers at the same location, even if sponsored by different nonprofit organizations, shall be permitted in any calendar year, except in rural areas where preapproved by the ~~Division~~ department of Gambling Control. For purposes of this section, “rural” shall mean any county with an urban influence code, as established by the latest publication of the Economic Research Service of the United States Department of Agriculture, of “3” or more.
- (m) The authority to conduct a fundraiser, as well as the type of controlled games, may be governed by local ordinance.
- (n) No person shall be permitted to participate in the fundraiser unless that person is at least 21 years of age.
- (o) No fundraiser permitted under this section may be operated or conducted over the Internet.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

19987. Registration of Equipment Providers

- (a) The ~~division~~ department, by regulation or order, may require any person or entity set forth in subdivision (b), to register with the ~~division~~ department.
- (b) “Person or entity” means one who, directly or indirectly, manufactures, distributes, supplies, vends, leases, or otherwise provides, supplies, devices, or other equipment designed for use in the playing of controlled games by any nonprofit organization registered to conduct controlled games.

(Amended by SB 82 (Committee on Budget and Fiscal Review), Chapter 176, Statutes of 2007)

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